



LEGAL PROTECTION FOR CONSUMERS IN E-COMMERCE TRANSACTIONS IN INDONESIA: CONTRACT VALIDITY AND DISPUTE RESOLUTION EFFECTIVENESS

SAKTI ALAMSYAH

Doctor of Law Studies Program
Postgraduate Program - Jayabaya University
Email: abimanyu0927@gmail.com

FAUZIE YUSUF HASIBUAN

Doctor of Law Studies Program
Postgraduate Program - Jayabaya University
Email: adv_fauzi@yahoo.com

Abstract

This study explores consumer protection in Indonesia's e-commerce transactions, focusing on contract validity and the effectiveness of dispute resolution mechanisms. Standardized contracts in e-commerce often limit consumers' ability to negotiate terms, placing them in a weaker position. Analysis of existing laws, including the Indonesian Civil Code, Consumer Protection Law, and the Electronic Information and Transactions (ITE) Law, indicates that current regulations inadequately protect consumers in digital transactions. Additionally, the role of the Consumer Dispute Settlement Body (BPSK) is assessed, revealing jurisdictional and capacity challenges, especially in cross-border cases. To improve consumer protection, this study recommends regulatory reforms requiring seller verification, accurate product information, enhanced BPSK authority, and improved consumer education. These steps are essential to foster a safer, fairer, and more transparent e-commerce environment in Indonesia, aligning legal protections with the rapid growth of digital commerce.

Keywords: Consumer Protection, E-Commerce, Contract Validity, Dispute Resolution, BPSK, Indonesia, Digital Transactions

1. INTRODUCTION

The rapid growth of e-commerce has brought about a major transformation in the way consumers transact, not only in Indonesia but around the world. (Negara & Soesilowati, 2021) In a report from the National Consumer Protection Agency (BPKN) in 2019, there were more than 19,000 consumer complaints related to online shopping services (Dalimunthe, 2021). Most of the complaints included issues such as late deliveries, goods that did not match the description, and cases of fraud involving fictitious stores (Turnitin dissertation). This data points to gaps in consumer protection in the digital realm and emphasises the need for effective regulation to protect consumers from the risks of electronic transactions.

While e-commerce in Indonesia continues to grow rapidly, issues regarding transaction security and consumer protection remain a major challenge. According to data from the Indonesian E-Commerce Association (idEA), the number of e-commerce transactions in Indonesia by 2023 will reach more than 30 million transactions per month, with a 20% increase in transaction volume compared to the previous year. (Haryanto & Chang, 2018) However, along with this growth, there has been a significant increase in reported complaints from consumers, mainly related to products that do not match the description, late delivery, and unclear after-sales service. This phenomenon indicates a great risk for consumers, especially with regard to transparency and honesty in the presentation of product information on digital platforms.

LEGAL PROTECTION FOR CONSUMERS IN E-COMMERCE TRANSACTIONS IN INDONESIA: CONTRACT VALIDITY AND DISPUTE RESOLUTION EFFECTIVENESS

Alamsyah & Hasibuan

The urgency of this research arises from the increasing cases of consumer dissatisfaction and inconvenience in e-commerce transactions (Li et al., 2023), which reflect their weak bargaining position in legal relations with business actors. Consumer protection in Indonesia is based on Law No. 8/1999 on Consumer Protection and the Electronic Information and Transaction (ITE) Law. However, these two laws have not been fully adequate in addressing the challenges that arise in electronic transactions. This study aims to understand the validity of agreements in electronic transactions and how existing regulations can more effectively protect consumers, especially in terms of the dissatisfaction that often arises from standardised agreements in electronic transactions.

In addition, Indonesia faces challenges in terms of law enforcement relevant to electronic transactions, as existing regulations have not fully accommodated the unique nature of e-commerce. Based on Article 1320 of the Civil Code that regulates the validity of agreements, one of the important requirements is the existence of consensus between the binding parties, which is often difficult to ascertain in the digital context without direct meetings between sellers and buyers. This leaves potential vulnerabilities for consumers involved in electronic contracts, which are generally in the form of standardised agreements. The existence of these standardised agreements puts consumers in a weak position because they have no room to negotiate the terms of the contract, making them vulnerable to discrepancies in the rights and obligations promised.

This research also highlights a gap in the literature that examines the effectiveness of dispute resolution through alternative mechanisms, such as those provided by BPSK. As a legal state that recognises non-litigation dispute resolution, Indonesia has introduced BPSK as a means to provide quick solutions and more affordable costs. However, empirical studies on the effectiveness of BPSK in resolving e-commerce disputes are still very limited, especially in the context of cross-border transactions and digital jurisdiction issues. Therefore, this study aims to provide an in-depth analysis of the role of BPSK and to assess the extent to which existing regulations are able to answer the challenges of the digital era in providing fair protection for consumers.

2. Research Objectives

The aim of this research is to assess the effectiveness of regulations and alternative dispute resolution for e-commerce consumers in Indonesia, as well as to identify weaknesses in the implementation of existing laws. Through this analysis, the main contribution of this research is to provide recommendations to strengthen legal protection for consumers and propose policies that are more adaptive to the challenges of the digital era. This research is expected to enrich academic discussions on consumer protection in e-commerce and serve as a basis for the formulation of public policies that are more responsive to the needs of consumers in electronic transactions.

3. Methods

This research uses a normative legal approach with juridical analysis to examine laws and legal concepts related to consumer protection in electronic transactions in Indonesia (Bintarawati, 2022; Budiono et al., 2023). The main data sources consist of primary legal materials (Civil Code, Consumer Protection Law, ITE Law) and secondary materials such as legal literature and reports of related institutions.

Data were collected through a literature study that included legal documents and scientific literature, then analysed in a qualitative juridical manner to evaluate the effectiveness of regulations in protecting consumers. The research stages include literature review, legal analysis, and preparation of recommendations for the improvement of consumer protection policies in e-commerce.



4. Discussion

Consumer protection in electronic transactions in Indonesia still faces significant challenges, especially in the aspects of contract validity and dispute resolution mechanisms (Arifin et al., 2021; Rosadi & Tahira, 2018; Syamsudin, 2021). Based on Article 1320 of the Civil Code, a valid contract must fulfil the requirement of an agreement between the parties, which in the context of electronic transactions becomes difficult to ascertain due to its non-physical nature and is carried out through a standard agreement (Kumaralo et al., 2023; Suharnoko, 2012). These standardised agreements often put consumers in a weak position, as consumers do not have the opportunity to negotiate the terms of the contract. In practice, this condition has the potential to violate the principle of fairness for consumers, especially when there is a discrepancy between the product information promised and the product received by consumers.

In addition to the validity of the contract, another problem in consumer protection in e-commerce is related to the transparency of information submitted by the seller. Many consumers feel aggrieved because the products they receive do not match the description or quality promised in the advertisement. This shows the weak supervision of the truth and accuracy of product information on e-commerce platforms, where sellers often only include one-sided terms that are difficult for consumers to verify. The absence of specific regulations in the ITE Law and Consumer Protection Law regarding detailed product information requirements puts consumers in a vulnerable position to fraud or product misrepresentation.

Although Law No. 8/1999 on Consumer Protection and the ITE Law (Law No. 19/2016) have provided a legal basis for protecting consumer rights in electronic transactions, their implementation is still limited (Kumaralo et al., 2023; Septian et al., 2023). For example, the Consumer Protection Law only provides general guidelines regarding consumer rights without regulating in detail the forms of protection in electronic transactions. This lack of clarity means that consumers often do not receive fair compensation or adequate settlements when problems occur in e-commerce transactions, such as damaged products or late deliveries.

In the aspect of dispute resolution, BPSK does offer a non-litigation alternative that is faster than the courts. However, BPSK's effectiveness in resolving e-commerce disputes still faces structural and technical obstacles (Soleh Hasan Wahid, 2023). Often, BPSK does not have sufficient capacity to handle cases involving international parties or disputes that require technical interpretation of digital products. In addition, many consumers do not understand their right to bring cases to BPSK, resulting in many cases ending without adequate resolution. This points to the need for wider education and socialisation so that consumers understand the legal options available, including the procedures and benefits of out-of-court dispute resolution through BPSK.

In addition, the Consumer Dispute Resolution Body (BPSK) in Indonesia, which is expected to be an alternative mechanism to resolve consumer disputes efficiently, has not fully functioned effectively in handling e-commerce disputes. Dispute resolution through BPSK offers a faster and cheaper non-litigation option, but still faces challenges in terms of jurisdiction and recognition of authority in cross-border transactions. In cases where the seller or e-commerce platform is located overseas, the jurisdiction of Indonesian law is limited, and dispute resolution becomes difficult to implement.

To address these challenges, systemic reforms in the regulation and supervision of e-commerce in Indonesia are urgent. The government needs to introduce more specific regulations that require e-commerce platforms to ensure the accuracy of product information and take responsibility for any consumer complaints. In addition, certification or verification of sellers on e-commerce platforms can be a measure to add another layer of protection for consumers. This certification not only ensures that the seller has a verifiable identity, but also that they have met minimum standards regarding clarity of product information and after-sales service.



LEGAL PROTECTION FOR CONSUMERS IN E-COMMERCE TRANSACTIONS IN INDONESIA: CONTRACT VALIDITY AND DISPUTE RESOLUTION EFFECTIVENESS

Alamsyah & Hasibuan

With stronger regulation and consistent implementation, consumer rights in electronic transactions can be better protected. These measures will build consumer confidence in digital transactions, which in turn will strengthen the e-commerce ecosystem in Indonesia as a safe and fair platform for both consumers and businesses.

By improving regulations and dispute resolution mechanisms, consumer protection in the e-commerce sector can be better ensured, creating a fairer and safer e-commerce ecosystem for all parties.

5. Conclusion

From the above discussion, it can be concluded that consumer protection in electronic transactions in Indonesia still faces many challenges. The validity of contracts in e-commerce, which often take the form of standardised agreements, puts consumers in a weak position as they have no opportunity to negotiate terms and conditions. Conditions in the Civil Code, such as an agreement between the parties, become difficult to fulfil in the digital context, which has the potential to harm consumers. In addition, existing regulations, such as the Consumer Protection Law and the ITE Law, have not specifically accommodated the need for protection in electronic transactions. This results in consumers often not receiving proper compensation or an efficient dispute resolution mechanism. BPSK as an alternative consumer dispute resolution mechanism does provide a non-litigation option, but it has not been fully effective in handling cross-border disputes or cases involving digital technical aspects. Overall, consumer protection in e-commerce in Indonesia requires more specific regulations and stricter implementation to ensure that consumers are protected at every stage of electronic transactions.

6. Suggestion And Recommendation

To improve consumer protection in e-commerce transactions, the government needs to develop special regulations that better regulate the validity of the contract and the seller's obligation to provide accurate information about the product. This regulation should require e-commerce platforms to verify the identity of the seller and ensure the honesty and accuracy of the information provided to consumers. Seller certification can be one way to increase consumer confidence and provide assurance that they are transacting with a trustworthy party.

In addition, BPSK needs to be strengthened in terms of its authority and capacity to handle e-commerce disputes, particularly in a cross-border context. International co-operation and consumer education on dispute resolution are also needed so that consumers better understand their rights and the dispute resolution procedures available. This step is expected to strengthen the position of consumers and create a safer, fairer, and more transparent e-commerce ecosystem in Indonesia.

7. Reference

- Arifin, R., Kambuno, J. A., Waspiah, & Latifiani, D. (2021). Protecting the Consumer Rights in the Digital Economic Era: Future Challenges in Indonesia. *Jambura Law Review*, 3. <https://doi.org/10.33756/jlr.v3i0.9635>
- Bintarawati, F. (2022). Juridical Analysis of Consumer Protection against Buying and Selling Fraud in the Market Place. *Walisongo Law Review (Walrev)*, 4(1). <https://doi.org/10.21580/walrev.2022.4.1.10791>
- Budiono, A., Shahrani, Z., & Prakoso, A. L. (2023). Consumer Legal Protection Against Default in Buying and Selling E-Commerce. *JUSTISI*, 9(2). <https://doi.org/10.33506/jurnaljustisi.v9i2.2317>



- Dalimunthe, F. Z. (2021). Postal Consumer Protection: Comparison of Indonesian Law with Malaysia and Vietnam. *Buletin Pos Dan Telekomunikasi*. <https://doi.org/10.17933/bpostel.2021.190201>
- Haryanto, J. O., & Chang, F. I. (2018). Analysis of e-commerce providers' role in solving the issues of retail e-commerce logistics in jakarta (study case of pt. Accommerce solusi lestari). *Jurnal Manajemen*, 22(1). <https://doi.org/10.24912/jm.v22i1.310>
- Kumaralo, I. S., Risdalina, R., & M, I. K. S. (2023). The Legal Force of the Cooperation Agreement Letter in a Cooperation Agreement is Reviewed According to Article 1320 of the Civil Code. *Journal of Social Research*, 2(3). <https://doi.org/10.55324/josr.v2i3.750>
- Li, L., Yuan, L., & Tian, J. (2023). Influence of online E-commerce interaction on consumer satisfaction based on big data algorithm. *Heliyon*, 9(8). <https://doi.org/10.1016/j.heliyon.2023.e18322>
- Negara, S. D., & Soesilowati, E. S. (2021). E-Commerce in Indonesia : Impressive Growth but Facing Serious Challenges. *ISEAS Perspective*, 102.
- Rosadi, S. D., & Tahira, Z. (2018). Consumer Protection In Digital Economy Era : Law In Indonesia. *Yustisia Jurnal Hukum*, 7(1). <https://doi.org/10.20961/yustisia.v0i0.20144>
- Septian, F., Rahmatiar, Y., & Abas, M. (2023). Perlindungan Hukum Terhadap Konsumen Dalam Transaksi E-Commerce Melalui Media Sosial Instagram. *Collegium Studiosum Journal*, 6(2). <https://doi.org/10.56301/csj.v6i2.1087>
- Soleh Hasan Wahid. (2023). Formulation of a Risk-Based Online Dispute Resolution Model for E-Commerce in Indonesia: Legal Framework and its Application. *International Journal of Arts and Humanities Studies*, 3(2). <https://doi.org/10.32996/ijahs.2023.3.2.2>
- Suharnoko, S. (2012). Contract Law In A Comparative Perspective. *Indonesia Law Review*, 2(2). <https://doi.org/10.15742/ilrev.v2n2.14>
- Syamsudin, M. (2021). The Failure of the Court to Protect Consumers: A Review of Consumer Dispute Resolution in Indonesia. *Journal of Consumer Policy*, 44(1). <https://doi.org/10.1007/s10603-020-09470-0>