
Legal Review on Consumer Protection in E-Commerce Transactions

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ABSTRACT

KEYWORDS

transactions, e-commerce, consumers, legal protection

The use of e-commerce in trade has had a big impact on Indonesian society, especially in terms of very important legal issues. Legal protection in e-commerce is crucial to protect consumers who make buying and selling transactions via the internet. This development is driven by high demand and acceptance from the public, as evidenced by the emergence of various online stores such as Kaskus, Tokopedia, Bukalapak, Shopee, and Lazada. Rapid advances in technology have changed the method of buying and selling from physical stores to online transactions via the internet. E-commerce, as an information technology innovation, allows consumers to make transactions with just the touch of a finger without having to leave the house. However, the variety of e-commerce platforms available increases the potential for legal issues in online transactions. This research aims to understand how to legally protect consumers and help them if losses occur in e-commerce transactions. The method used is a normative approach, by reviewing literature and secondary data related to consumer legal protection in e-commerce transactions.

INTRODUCTION

The rapid technological changes in the current era have brought many changes to the lifestyle of almost all people of this nation, which occur in almost all social, cultural, business, and other fields (Setiawan, 2018). In the commercial sector, the internet is starting to be widely used as a medium for business activities, mainly due to its participation in efficiency. Information technology (IT) has transformed society, creating new business opportunities (Premana et al., 2020) and giving birth to new career forms for workers. One of the fields of information technology that is growing very quickly is the internet (Kristiyono, 2015), which was originally created as a private channel for research purposes and academic activities, but is now increasingly used by businesses for various business services (Saragih & Bagaskara, 2023). One of the developments of the Internet is electronic commerce (e-commerce) (Rehatalanit, 2021). E-commerce consists of two main areas, namely trade between merchants and trade between merchants and consumers. The use of the Internet in economic activities is increasing, such as an increase in the number of people using online shopping platforms (e-commerce) as a method to make transactions.

Budi Raharjo, an Indonesia internet expert, said that this nation has quite lucrative opportunities and prospects for e-commerce growth. However, the development of e-

commerce has faced several challenges, such as limited infrastructure, transaction security, and most importantly, the resources required to build an e-commerce organization. In Indonesia, there are 44.6 million Facebook users and 19.5 million Twitter users (Singh & Banerjee, 2021). Below the United Kingdom and other major countries, Indonesia ranks the fifth largest Twitter user. Of Indonesia's 245 million people, 55 million people use the internet, or 22.4 percent more than Japan. According to data from the Indonesia E-commerce Association (IDEA), the overall online business transactions in the country in 2013 reached 80 trillion rupiah, with half of those transactions taking place in Jakarta, which reached 30 trillion rupiah. As Country Manager of PT Multiply Indonesia, Daniel Tumiwa, estimates a 10-fold increase in 2015. Based on the data and findings collected, it can be concluded that Indonesia people today tend to carry out various activities, especially promotions and transactions (offering or buying goods) through the internet (Chin et al., 2020).

There is Law No. 11 of 2008 concerning Information and Electronic Transactions (UU ITE) which regulates the progress of e-commerce. The ITE Law presents two essential aspects. First, this law recognizes the legality of electronic transactions and electronic financial data, thus providing legal certainty to electronic transactions (Rashdi, 2022). Second, the ITE Law also regulates penalties for violations related to the misuse of computers or information technology. With the recognition of electronic transactions and documents, e-commerce has a strong legal basis. However, customers remain dissatisfied at times. Consumers often do not understand the law and do not know its rights, which are used by companies to gain profits by eliminating commercial obligations. Entities must have the same rights (Lili et al., 2022).

However, many consumers are not aware of the existence of laws that protect their rights in the context of online shopping via the Internet or e-commerce. In recent developments, there has been an increase in the number of online stores, even allowing purchases to be made through social networks (Febriati et al., 2020). Many people take advantage of others in a fraudulent way. Many fake online stores appeared in early 2012-2013 through websites and social service networks. The shops are alluring with more affordable rates than regular rates. They even often ask for a deposit of €50 and say that the delivery will be made soon. However, they asked for payment the next day on the grounds that there was a problem with the management. However, after the buyer pays, the seller immediately deactivates the used mobile phone number to resolve the issue with the buyer more quickly. If the goods purchased by the consumer do not match the order or are defective, it can cause problems for the consumer.

RESEARCH METHOD

This research method is used normative juridical assessment or literature study. The author chose this type of research because the writing focuses on the rule of law as the main regulation and is the main basis for exploring research on consumer protection and electronic transactions in accordance with the provisions of the UUPK and the ITE Law. In addition, the results of this study are also the basis for understanding consumer protection laws and the dispute resolution process in e-commerce transactions.

RESULTS AND DISCUSSION

In principle, all parties involved in e-commerce have their own rights and obligations. As sellers, they are responsible for presenting honest and accurate information about the goods they offer to customers. The seller also has the right to protect himself from irresponsible customers in electronic purchases.

Banks act as a liaison in electronic transactions and provide payment facilities for buyers to sellers (Rayhan et al., 2023). Buyers may need to go to a bank to pay for items purchased from sellers in remote locations (Yahya, 2022). E-commerce transactions are carried out through the internet, so sellers and buyers do not need to meet face-to-face.

In e-commerce transactions, all parties must fulfill their rights and obligations. The seller is responsible for presenting accurate information about the goods offered to the customer. One of the important aspects of the e-commerce system is the payment method on the internet. The online payment procedure should involve several steps of secure payment processing.

The development of this interaction requires special attention to develop the security of payment facilities in e-commerce, so that transactions become more secure. E-commerce transactions involve many parties beyond the buyer and seller, especially when it comes to payment instructions. Online transactions often involve the use of credit cards, debit cards, personal checks, or bank transfers. Payment is generally made after the buyer receives the goods or services.

Credit cards are an important component in online transactions because almost all technology requires their use. Transactions between sellers and buyers are connected by third parties, such as banks or financial institutions. If a customer uses a credit card to buy from a merchant, the transaction will be handled by the bank that manages the consumer's bank account.

There are several important aspects to consider in paying with the internet, namely:

1. Security: Sensitive data such as credit card numbers and passwords must be protected from falling into unauthorized hands.
2. Confidentiality: Transactions must only be known by the authorities.
3. Integrity: The system must ensure that the buying and selling process is carried out legally and according to the agreement.
4. Authentication: Verify that the buyer and seller are legitimate parties.
5. Authorization: Verify the eligibility of consumers to purchase goods or services.
6. Assurance: Consumers need to be sure that the trader meets the necessary conditions.

According to Article 9 of the ITE Law, product providers through electronic systems are required to provide complete and accurate information about the terms of the contract, the production of goods, and the products offered. Article 10 paragraph (1) of the ITE Law states that every economic entity that conducts electronic transactions must obtain reliability certification from a certification body.

In e-commerce, it is important to apply the principles of prudence, securing information technology systems, controlling electronic transaction activities, effectiveness and cost efficiency, and consumer protection in accordance with laws and regulations. Trust is a fundamental factor in online transactions in Indonesia.

The infrastructure must ensure the principles of online transactions such as seller and buyer identity verification, payment gateway security, and the security and reliability of e-commerce website settings. This is important for medium-scale transactions with high transaction value, as well as for transactions with small nominal amounts such as purchases through social media or online stores.

In the implementation of electronic transactions, it must pay attention to good faith, the principles of prudence, transparency, accountability, and fairness. If these principles are ignored, the aggrieved party can be held liable.

Consumers who are harmed in e-commerce transactions can take legal action through the court (Putra, 2014). Based on the Consumer Protection Law (UUPK), consumers have the right to protection, defense, and fair dispute resolution. The seller is obliged to provide compensation or compensation for losses arising from the use of the goods or services sold.

Article 23 of the UUPK states that if a business actor refuses or does not provide compensation, consumers have the right to file a lawsuit with the Consumer Dispute Settlement Agency (BPSK) or the general court. Consumers can file a lawsuit based on the ITE Law if they suffer losses due to the use of electronic systems or information technology.

Consumer dispute resolution can be done through arbitration or alternative mechanisms such as negotiation, mediation, and conciliation (Salami & Bintoro, 2013). This process can be done online without the need for a face-to-face meeting. Consumers have the right to file a claim for damages in court, regardless of the amount of losses incurred.

Security in electronic transactions is very important and can be ensured through technological, socio-cultural, ethical, and legal approaches. The provision of compensation or compensation in accordance with Article 19 paragraph 2 of the UUPK includes various forms, such as refunds, replacement of goods or services, health care, and compensation.

Alternative dispute resolution does not ignore criminal liability under the law. Criminal sanctions in the ITE Law can be applied cumulatively with prison sentences and fines.

Violations in E-commerce Transactions

According to Article 45 paragraph (2), a person who intentionally and without the right to share false information that misleads and harms customers in electronic transactions can be punished with a maximum prison sentence of 6 years and/or a maximum fine of IDR 1,000,000,000.00. In addition, a person who intentionally, without rights, or in violation of the law, manipulates, creates, alters, deletes, or destroys electronic information or electronic documents with the intent to make them look authentic will be subject to the crime of data manipulation. This violation is punishable by a maximum prison sentence of 12 years and/or a fine of Rp12,000,000,000.00 (Twelve Billion Rupiah).

Consumer Protection Model in E-commerce Transactions

For the success of an e-commerce business, in addition to a strong product, reliable and timely delivery management, good service, an effective business organizational structure, a reliable network infrastructure, and an attractive website design are required. Some important factors to consider include competitive prices, a responsive and easy shopping experience, complete and clear product and service information, promotions and discounts, purchase recommendations, community through customer discussions and feedback, as well as domestic and international payment systems, online banking services, and so on.

In e-commerce transactions, the use of electronic signatures needs to be considered to ensure the authenticity of the document. Electronic signatures differ from regular signatures, as they not only provide identification to the sender, but also guarantee the integrity of the document during transmission. The use of electronic signatures involves two parties: Certificate Authority (CA) and Subscriber, which serves to protect consumer rights.

Consumer Protection in E-commerce Transactions

To protect themselves in e-commerce transactions, consumers can consider several protection patterns, including:

1. Warranty of customer rights in accordance with applicable rules.
2. Business recognition in the context of electronic signatures includes privacy, accuracy, ownership, accessibility, integrity, non-repudiation, and confidentiality.
3. Insurance for business activities on the Internet as a risk transfer to insurance companies.
4. Guarantee through bank guarantee to ensure that the goods or services ordered reach the consumer.
5. Optimal supervision to monitor and anticipate fictitious and irresponsible traders.
6. Global standardization to address wireless communication standards around the world and address important policy challenges.

Case Studies

1. Fraud Case in Barru Regency, South Sulawesi (2020)

The victim with the initials F agreed to buy a Sensi mask from the NBH perpetrator via Facebook. After a payment of Rp 2,550,000, the victim received a package containing a used notebook and a used baby towel. The perpetrator blocked the victim's contact and fled. This case was successfully uncovered by the police by securing evidence.

2. Online Fraud in Sidrap Regency, South Sulawesi (2016)

The Sub-Directorate of *Cyber Crime* of the Metro Jaya Police arrested a group of online fraudsters who created fake accounts on several e-commerce platforms. They offer a variety of goods but do not deliver the goods after payment. Five suspects were arrested with evidence including 14 mobile phones, 32 bank accounts, and the total loss of victims reached 10.1 billion rupiah.

Online buying and selling transactions are quick and easy without the need for face-to-face contact with the seller. Consumers cannot see directly the condition of the product to be purchased. If there is fraud or violation by the seller, the perpetrator can be sanctioned in accordance with the applicable law (Pratama, 2020). O.C Kaligis stated that e-commerce agreements carried out without face-to-face remain legal in the eyes of the law and create rights and obligations for the parties involved. According to the researcher's analysis, even though there was no physical meeting and the parties did not know each other, the agreement was still valid according to the laws and regulations, as long as it followed the procedures in accordance with Article 1320 BW and ITE regulations and Government Regulation No. 71 of 2019. The agreement must not violate law, decency, or public order. If there is fraud in online transactions, it will cause legal consequences, both criminal and civil.

The researcher's analysis is supported by Article 46 of Government Regulation No. 71 of 2019 which states that:

- 1) Electronic Transactions may be conducted based on Electronic Contracts or other contractual forms as an agreement between the parties;
- 2) An Electronic Contract is considered valid if:
 - a. There is an agreement between the authorities;
 - b. Implemented by capable legal subjects;
 - c. Possessing certain objects;
 - d. The object of the transaction must not violate the law, morals, or public order.

In the case in Barru Regency, there was an online buying and selling fraud through Facebook and WhatsApp. These transactions are not part of the e-commerce business, so the risk of fraud is high. Legal problems arise because the seller and buyer agree on the goods and price, but the seller sends goods that are not in accordance with the agreement. The Barru Regency Police suspect that the perpetrator committed fraud based on Article 45A paragraph (1) of the ITE Law with a maximum threat of 6 years in prison and/or a maximum fine of 1 billion rupiah. The perpetrator can also be charged with Article 378 of the Criminal Code with a maximum threat of 4 years in prison.

In the case in Sidrap Regency, South Sulawesi, there was a fraud in buying and selling through online stores. The perpetrators used fake accounts on well-known e-commerce sites such as OLX, Kaskus, Bukalapak, and Tokopedia. This scam damages public trust because it uses fake accounts from large e-commerce companies. Although usually large markets are not susceptible to fraud due to their structured systems, these fake accounts increase the risk of fraud. The perpetrator is suspected of violating Article 28 paragraph (1) of the ITE Law and Article 378 of the Criminal Code concerning Fraud. In addition, they also violated the Money Laundering Crime Law (TPPU) with a threat of punishment of more than 15 years in prison. The use of various legal articles aims to provide a deterrent effect to the perpetrators. This fraud not only harms the victim materially, but also defames the company, reducing customer trust in the company.

CONCLUSION

The e-commerce policy regulated in the ITE Law guarantees protection and security for sellers, operators, and customers in carrying out business activities through electronic systems. To protect the parties in an online purchase and sale contract, merchants provide legal protection through rules that are mutually agreed upon and regulated by law, as stated in Article 25 of the ITE Law, which regulates the security of personal data between merchants and customers. In Indonesia, there are two methods to complete e-commerce transactions. First, through a non-litigation process facilitated by non-governmental organizations (NGOs) such as YLKI, the General Department of Consumer Protection of the Disperindag, the Consumer Dispute Resolution Agency (BPSK), and entrepreneurs. Second, through a litigation process involving procedural institutions or reporting to the authorities.

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