

# The Urgency of Legal Reform in Ensuring Consumer Protection in E-Commerce Transactions in Indonesia

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## ABSTRACT

The advancement of digital technology has brought significant changes to trade transaction patterns, particularly through e-commerce. While online transactions offer convenience and efficiency, consumers face various risks such as fraud, product quality uncertainty, and data privacy breaches. This article analyzes legal protection for consumers in electronic transactions in Indonesia based on the Consumer Protection Act (UUPK) and the Electronic Information and Transactions Act (UU ITE). The research employs a normative-descriptive legal approach and literature review, focusing on civil law regulations regarding online sales agreements. The findings indicate that existing regulations, although relevant, still face implementation challenges, including personal data protection and digital dispute resolution. Recommendations include regulatory updates, strengthening legal oversight, and consumer education to establish a transparent, safe, and fair electronic transaction ecosystem.

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## INTRODUCTION

The rapid advancement of technology in the digital era has brought numerous benefits to humanity, such as the ability to quickly access information through the internet and communication media. The internet has become widely utilized as a medium for electronic information and communication. Its use includes data searches, browsing, reading news, sending electronic messages via email, and engaging on social networking sites, making it easier for people to receive and share information rapidly (Saputra, N., 2024).

Another significant development observed in recent years is the growing use of the internet in commerce. The evolution of the internet has ushered the global economy into a new phase, widely known among entrepreneurs as the digital economy. This phenomenon is characterized by economic activities that leverage the internet as a communication medium. Increasingly, trade has relied on electronic commerce (e-commerce) as a transactional medium, offering convenience to both consumers and sellers (Halim et al., 2024). In general, people greatly enjoy the convenience of conducting buying and selling transactions online. They have become accustomed to purchasing goods and making transactions digitally.

Databooks (2020) released data on the number of consumer complaints submitted to the consumer protection agency. The data showed that in 2020, the Consumer Protection Agency received a total of 295 complaints related to e-commerce, making it the highest recorded number (Arimbawa ]& Wisanjaya, 2024). Other issues, such as a lack of security, insufficient physical inspection of products, and inadequate information and visual representation, are the primary causes of online consumer dissatisfaction (Kaur & Quareshi., 2015). Other factors influencing consumer satisfaction and purchase intention include customer

service, delivery, and post-purchase tracking systems (Cao et al., 2018).

Law Number 8 of 1999 on Consumer Protection in buying and selling transactions through the internet (E-Commerce) also plays a role in safeguarding the rights of consumers engaging in such transactions. These rights are outlined in Article 4 of the Consumer Protection Act (UUPK), which guarantees consumers the right to choose goods and/or services and to receive those goods and/or services in accordance with the agreed value, conditions, and promised guarantees (Ma'ruf, 2025).

According to A.Z. Nasution, consumer protection law is a part of consumer law that contains principles or norms that are regulatory in nature and aim to protect consumer interests. Meanwhile, consumer law refers to the body of law that governs relationships and issues among various parties concerning consumer goods or services within social interactions (Maharani & Dzikra, 2021).

In Indonesia, although regulations regarding online transactions are not yet fully governed by civil law, the principles in the Civil Code (Kitab Undang-Undang Hukum Perdata) remain relevant as a legal basis for resolving disputes between consumers and sellers. Additionally, specific regulations such as Law No. 8 of 1999 on Consumer Protection (UUPK) and Law No. 11 of 2008 on Electronic Information and Transactions (UU ITE) also serve as legal frameworks to protect consumers in addressing issues related to electronic transactions. Based on the provisions of Article 1491 of the Civil Code (KUH Perdata), it states that: "The seller is responsible for ensuring that the goods sold conform to what was promised. If the goods received by the buyer differ from the description or do not match the seller's promise, the buyer is entitled to request a replacement or cancellation of the transaction (Hukum Perdata, Pasal 1491). "And Article 8 of the Consumer Protection Law (UUPK) No. 8 of 1999 states: 'It is prohibited for business actors to provide false or misleading information or advertisements about the quality, quantity, or usefulness of a product.'" (Undang-Undang Nomor 8 Tentang Perlindungan Konsumen, Pasal 8).

## RESEARCH METHOD

This study uses a normative legal method that provides a juridical justification in cases of legal gaps, ambiguities, and contradictions in norms. The nature of this study is a descriptive-prescriptive legal study. It also involves a literature review, a descriptive legal analysis that aims to describe or explain facts through analysis and a systematic approach. The descriptive nature of this legal study is intended for the researcher to explain what occurs in legal events or legal conditions.

## RESULT AND DISCUSSION

The development of digital technology has driven an increase in online buying and selling transactions. However, there are many risks that consumers must face and be aware of, particularly those related to uncertainties in product quality, shipping delays, or even fraud. Therefore, legal protection for consumers in online transactions has become an important issue that needs attention from the government, as outlined in Indonesian civil law.

### Civil Law Regulations in Indonesia Govern Legal Protection for Consumers in Online Sales Agreements

In an online sales agreement, there are two parties: the seller and the buyer. The seller needs money, and the buyer needs a product. Such agreements are regulated in Book III of the Civil Code (KUHPerdata), from Article 1457 to Article 1549 (Ratna, 2014). This agreement serves as the legal foundation used by both parties in conducting the transaction, so that if a dispute arises, this agreement can become the basis for resolving the issue. An online sales agreement provides legal certainty for both parties. The government and relevant authorities develop regulations to support fair and proper e-commerce. These regulations often address provisions related to online sales agreements, personal protection, and transaction security. The online sales agreement plays an important role in the e-commerce ecosystem, helping to create a more transparent, secure, and structured transaction environment (Cailla et al. 2024).

Online buying and selling transactions have become increasingly widespread with the development of information technology. However, this development brings many challenges in terms of consumer protection. Consumers often face risks such as products not matching the description, damaged goods, or even fraud. To address these issues, the Indonesian government has regulated consumer protection in online transactions through various regulations. Indonesia has several regulations that govern consumer protection in online buying and selling transactions. Law No. 8 of 1999 on Consumer Protection (Consumer Protection Law) is the primary legal framework that provides rights to consumers and obligations to business actors. In addition, Minister of Trade Regulation No. 50 of 2020 on Business Licensing Provisions for Electronic System-Based Trade (PM 50/2020) also provides more specific guidelines related to electronic system-based trade (Nomor, P. M. P. (50). Tahun 2020).

Regulations specifically regarding online sales are not found in the Indonesian Civil Code (BW) because this legal code was published at a time when online trade had not yet developed. However, as a legal relationship based on a sales transaction involving the same parties—namely the seller and the buyer—the

general provisions on sales, which are regulated in the Indonesian Civil Code from Article 1474 to Article 1540, can still be applied. Article 1457 of the Civil Code is relevant in this context. A sale is an agreement in which one party binds itself to transfer a property to the other party, who in turn agrees to pay the agreed price. Furthermore, Article 1458 of the Civil Code states that a sale is considered to have occurred between the two parties as soon as they reach an agreement on the property and its price, even if the property has not yet been delivered and the price has not yet been paid. From both provisions, it can be understood that a sale is a type of agreement, and thus the provisions on obligations in Book III of the Civil Code apply to it. A sale is a consensual agreement, meaning it is formed as soon as there is mutual consent regarding the goods and their price. The rights and obligations of both parties exist from the moment of agreement, even though the price has not yet been paid and the goods have not yet been delivered. The Civil Code also regulates the rights and obligations of both the seller and the buyer.

One example is the seller's obligation under the provisions of Article 1474 of the Civil Code, which includes the obligation to deliver the goods to the buyer and the duty to warrant against legal defects and hidden defects. The buyer's rights are also regulated in Articles 1481 and 1483, which state that the goods received by the buyer must be in their intact condition. The "intact condition" referred to here means that the goods are in the same condition as they were when the buyer intended to purchase them. In general, Book III of the Civil Code mostly contains supplementary laws (*aanvullendrecht*), including provisions related to sales. Therefore, online shopping transactions can indeed refer to the provisions of Book III of the Civil Code, but due to its specific nature, deviations may occur. On the other hand, general legal principles that are mandatory should not be violated (Tumbel, 2020).

Consumer protection essentially covers a wide scope, such as protection for consumers regarding goods and/or services, starting from the process of acquiring these goods and/or services to the consequences arising from their use. There are two aspects of consumer protection, namely (Zulham, 2013).

Protection against the possibility that the goods delivered to the consumer do not conform to what was agreed upon.

Protection against the imposition of unfair terms on the consumer

In addition, legal protection for consumers in both online and conventional sales transactions can also be realized in the following forms:

Legal protection based on legislation: Legal protection derived from regulations is generally applicable to everyone conducting a transaction.

Legal protection based on the agreement made by both parties (Hidayag & Witasari, 2022).

The definition of an agreement is explained based on Article 1313 of the Civil Code (KUHPerdata), which states that an agreement is an act in which one or more persons bind themselves to one or more other persons. An agreement is considered valid if it meets the valid requirements of a contract as regulated in the Civil Code, including the following:

The agreement of the parties (Article 1321 of the Civil Code)

The capacity of the parties (Article 1329 of the Civil Code)

Concerning a specific matter (Article 1333 of the Civil Code)

A lawful cause (Article 1337 of the Civil Code). In the Information and Electronic Transactions Law (UU ITE), the definition of an agreement is not explained specifically.

In Article 1, number 17 of the Electronic Information and Transactions Law (UU ITE), an electronic agreement or contract is defined as an agreement made by the parties through an Electronic System. Regarding the validity of the electronic agreement or contract, Article 18, paragraph (1) of the UU ITE stipulates that an Electronic Transaction, recorded in an Electronic Contract, binds the parties. Transactions conducted through e-commerce and conventional transactions carried out through electronic media are essentially different matters.

### **The Form of Supervision Over Personal Data in Electronic Transactions**

In electronic transactions, through various concepts, content, and forms offered, consumers are encouraged to engage in electronic contracts. These electronic transactions will involve personal data from the parties, for example, the seller and consumer may not be aware of the potential impacts of using personal data through electronic transactions.

The information security approach can be carried out through three approaches: First, the Technological Approach; second, the Socio-Cultural-Ethical Approach; and third, the Legal Approach. Legal protection for the security of personal data through regulations needs to be supported by efforts to oversee the use of personal data as a form of protection for citizens' personal data. The supervision of personal data can be carried out through: 1) Private entities, which can include content and online service providers, internet service providers, or owners of internet infrastructure. Their motivation may stem from a desire to monitor people's behavior in electronic transactions or other information that could benefit the company. 2) Government entities, usually represented by law enforcement officers or intelligence agencies. This surveillance is typically conducted to monitor potential criminal activities, terrorism, or even to monitor

opposition groups (activists, journalists, etc.). As stated by Snowden, surveillance is not limited to a single region but extends across borders (Fajria, Ilmih, 2024).

Legal protection for consumers can be provided both before a transaction occurs (no conflict/pre-purchase) and/or after the transaction has taken place (conflict/post-purchase). Legal protection arises from the rights and obligations of the parties involved in the transaction, where, in the case of the transaction, the consumer should be aware of their rights as a consumer. Article 4 of the Consumer Protection Law states that the rights of consumers are: (Saragih, & Bagaskara, 2023).

The right to comfort and safety in consuming goods and/or services

The right to choose goods and/or services and to receive those goods and/or services in accordance with their value, conditions, and the guarantees promised

The right to accurate, clear, and honest information regarding the condition and guarantees of goods and/or services

The right to have their opinions and complaints heard regarding the goods and/or services used

The right to receive advocacy, protection, and proper consumer dispute resolution efforts

The right to consumer guidance and education

The right to be treated or served fairly, honestly, and without discrimination

The right to receive compensation, damages, and/or replacement if the goods and/or services received do not meet the agreement or are not as expected

Other rights as regulated by applicable laws and regulations (Maharani & Dzikra, 2021).

The rights and obligations of consumers are regulated in the Consumer Protection Law, which also prohibits actions intended to harm consumers. The Consumer Protection Law outlines the rights and obligations of producers and consumers, but it cannot be applied to e-commerce transactions, meaning that the protection of consumer rights in such transactions is not guaranteed. The current legal framework has not yet kept pace with the advancements in science and technology used in the production of goods and services. Protecting consumer personal data in e-commerce transactions is crucial in today's era of technological advancement. E-commerce has revolutionized the way we conduct transactions, facilitating the digital exchange of commodities, services, and data via the internet. However, the expansion of e-commerce has raised concerns regarding the confidentiality and protection of personal data. Data such as names, addresses, phone numbers, and financial information hold significant value and are highly vulnerable to misuse if obtained by unauthorized individuals (Amalia, 2022). A strong and explicit legislative framework is necessary to protect the privacy of consumers' personal data. Laws related to personal data protection in e-commerce transactions are designed to shield customers from the risks of data exploitation, unauthorized disclosure of personal information, and privacy violations. These regulations cover several areas, including data security, user consent, the obligations of electronic system providers, and legal penalties for violations of personal data protection (Prayuti, 2024).

### **Legal Challenges in the Implementation of Digital Contracts Related to Electronic Consent, Privacy Protection, and Data Security**

Legal challenges in the implementation of digital contracts related to electronic consent, privacy protection, and data security have become increasingly relevant in today's digital age. With the growing use of information technology in business transactions, it is essential to understand how the law can regulate and protect the parties involved in electronic agreements. One of the main challenges is ensuring the validity and legality of digital contracts. Although the Electronic Information and Transactions Law (UU ITE) in Indonesia provides a legal framework for electronic contracts, there is still ambiguity regarding the requirements that must be met for these contracts to be considered valid (Putri, 2024). Electronic consent becomes a crucial aspect of digital contracts. In this context, electronic signatures are recognized as a valid form of consent, but challenges arise concerning the validity and security of these signatures. The identity verification process for the parties involved is often insufficiently robust, increasing the risk of fraud. Moreover, there is a need to develop clear standards for electronic signatures to ensure they are universally recognized. This is vital to provide legal certainty for the parties in a digital contract. Furthermore, privacy protection also presents a significant challenge in the implementation of digital contracts. In many cases, users' personal data is collected and used without clear consent. Regulations regarding personal data protection in Indonesia are still in the development stage, meaning that many users do not receive adequate protection for their personal information.

Therefore, there is a need to strengthen regulations related to data protection so that users feel secure when engaging in online transactions. Data security is another equally important aspect of digital contracts. With the increasing threat of cyberattacks, such as hacking and data theft, companies must ensure that their systems are secure enough to protect sensitive information. The use of encryption technology and other security protocols has become crucial to prevent unauthorized access to data. However, challenges remain in terms of the widespread implementation of these technologies across various industrial sectors. Dispute resolution also becomes an important issue in the context of digital contracts. When disputes arise between

parties, an effective dispute resolution mechanism must be available. However, the current legal system is not fully prepared to handle disputes arising from electronic agreements. Therefore, the development of more efficient and adaptable dispute resolution procedures that cater to the characteristics of digital transactions is needed.

Challenges in consumer protection encompass various complex and diverse aspects. Some of the main challenges include:

**Lack of Information and Education:** Many consumers do not have sufficient information about their rights, the products, or services they purchase. Inadequate consumer education can lead to unwise purchasing decisions.

**Technological Advancements:** With the continuous development of technology, new products and services keep emerging. Consumers may find it difficult to keep up with these developments and understand the associated risks, especially in online transactions and personal data protection.

**Inadequate Regulations:** In some countries, consumer protection regulations may not be strict enough or may not be updated in line with market and technological developments. This makes it difficult to enforce the law and protect consumer rights.

**Information Imbalance:** Producers or service providers often have more information about the products or services than consumers. This information imbalance can be exploited to take advantage of consumers.

**Weak Law Enforcement:** Although regulations exist, weak law enforcement can prevent violators from facing consequences. A lack of resources or corruption can exacerbate this issue. To address these challenges, collaboration between the government, non-governmental organizations, and the private sector is needed to strengthen regulations, improve consumer education, and ensure effective law enforcement.

**Solutions and Recommendations.** To protect consumers in electronic transactions, several solutions and recommendations can be implemented:

### **Comprehensive Regulations**

**Legal Updates:** Update laws and regulations to cover electronic transactions, ensuring that consumer protection is the same as in conventional transactions. **Personal Data.**

**Protection:** Implement strict regulations regarding the protection of consumers' personal data, similar to the GDPR in Europe.

### **Consumer Education**

**Awareness Campaigns:** Conduct campaigns to raise consumer awareness about their rights in electronic transactions and how to protect themselves from fraud.

**Digital Education:** Provide resources and educational programs to help consumers understand the technology and risks associated with online transactions.

### **Supervision and Law Enforcement**

**Strengthening Oversight Institutions:** Strengthen the role of regulatory agencies and consumer protection bodies to monitor online business practices and address consumer complaints.

**Strict Sanctions:** Implement strict sanctions against business operators who violate consumer rights, including significant fines and operational restrictions (Lutfianidha et al., 2024).

One important step in harmonizing laws is the development of an international legal model that can be adopted by various countries. This model should include provisions regarding the validity of electronic contracts, data protection, and dispute resolution mechanisms. The UNCITRAL Model Law on Electronic Commerce is one example of international regulation that can serve as a reference in the development of digital contract laws across countries. By adopting this model, countries can ensure they have a consistent and mutually supportive legal framework to address the challenges of digital transactions. Additionally, it is also crucial to consider consumer protection aspects in the regulation of contracts.

## **CONCLUSION**

Consumer protection in electronic transactions in Indonesia is regulated by various laws, but its implementation still faces several challenges. To enhance consumer protection, collaborative efforts from the government, service providers, and consumers themselves are required. Consumer education, stricter law enforcement, and improvements in technological infrastructure are essential steps that need to be taken.

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