



Corporate Responsibility for Consumer Losses in The Digital Economy Era

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ABSTRACT

The development of the digital economy has created a major transformation in the patterns of interaction between businesses and consumers across various sectors, ranging from e-commerce and digital financial services to data-driven platforms. While this transformation provides convenience and efficiency in economic activities, it also presents serious challenges regarding legal protection for consumers. Issues such as data breaches, online fraud, and algorithmic manipulation have emerged as tangible risks resulting from the imbalance of power between digital corporations and users. This article aims to examine the legal responsibility of corporations in the context of the digital economy by employing a normative juridical approach through an analysis of relevant legislation, legal responsibility principles, and case studies on consumer rights violations in online environments. The findings indicate that although Indonesia has several legal instruments such as the Consumer Protection Law, the Electronic Information and Transactions Law, and the Personal Data Protection Law, their implementation still faces significant obstacles in law enforcement and inter-agency coordination. The complexity of cross-border jurisdiction and the weakness of online dispute resolution mechanisms further complicate corporate accountability. Therefore, strengthening regulations, establishing independent supervisory institutions, and increasing consumer legal awareness are necessary to create a balance between technological innovation and the protection of public rights in the rapidly evolving digital economy.

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INTRODUCTION

The digital transformation of the 21st century has brought fundamental changes to nearly every aspect of human life, including patterns of consumption, systems of production, and mechanisms of global trade. This era, commonly referred to as the digital economy, is characterized by economic activities that have shifted from traditional physical interactions to cyberspace, relying heavily on information and communication technology as its core infrastructure (Yunaningsih et al., 2021). Within this context, innovations such as e-commerce, financial technology (fintech), ride-hailing applications, and data-sharing platforms have emerged, enabling instantaneous interaction between businesses and consumers. These developments have generated numerous benefits, including time efficiency, reduced operational costs, and easier access to goods and services.

However, behind these promising opportunities lie significant concerns, particularly in the realm of consumer legal protection. Issues such as data breaches, online fraud, and transactional failures have become

increasingly prevalent as digital economic activities grow (Haryono, 2024). Digital corporations, which often hold vast control over consumer data and behavior, tend to operate with limited accountability when consumers suffer losses, creating ambiguity in determining their legal responsibilities.

This shift has also transformed the nature of the legal relationship between businesses and consumers. Traditionally, these relationships were direct and personal; today, they are largely virtual and algorithm-driven, regulated by digital systems rather than physical interactions. Consequently, consumers are placed in a vulnerable position they often lack both the technical understanding of how digital systems operate and the ability to control how their personal data is collected and utilized (Widyastuti et al., 2021). This information asymmetry between corporations and consumers lies at the heart of many legal protection challenges in the digital age.

In Indonesia, the digital economy has expanded rapidly. According to the Ministry of Communication and Informatics, Indonesia's digital economy was valued at over US\$77 billion in 2023, making it the largest in Southeast Asia. This growth is primarily driven by widespread internet access and mobile device usage, allowing millions of people to participate in digital markets daily. Nevertheless, this progress has also been accompanied by a rise in consumer complaints related to online transactions from e-commerce fraud and delivery delays to personal data misuse (Putra & Yadi, 2025).

Data breaches, in particular, have become a pressing national issue. Several high-profile incidents involving major digital platforms including e-commerce and fintech providers have exposed the vulnerabilities in Indonesia's cybersecurity framework and the lack of corporate accountability for user data protection (Ardika, 2025). Although Indonesia already has the Consumer Protection Law (Law No. 8 of 1999) and the Electronic Information and Transactions Law (Law No. 11 of 2008), these regulations have not been entirely effective in addressing the complex challenges arising from technological innovation.

One fundamental limitation of these laws is their reactive rather than proactive nature. The Consumer Protection Law was drafted within a conventional, physical economy framework, assuming direct interactions between businesses and consumers. Meanwhile, the ITE Law focuses more on the legality of electronic documents and information misuse than on establishing corporate liability mechanisms for consumer losses. As a result, when digital violations occur, law enforcement authorities often face difficulties determining accountability and providing effective compensation mechanisms.

In addition to substantive legal gaps, jurisdictional and enforcement challenges persist in the digital landscape. Many corporations operate across national borders, making domestic enforcement mechanisms ineffective. For instance, global platforms with data centers located abroad are difficult to hold legally accountable under Indonesian law due to differing legal systems and jurisdictional barriers (Rosadi & Pratama, 2018). This situation is further complicated by the lack of robust international cooperation for resolving cross-border consumer disputes.

In international legal scholarship, the concept of corporate digital responsibility (CDR) has gained traction as a guiding principle that combines ethical and legal obligations of corporations in the digital realm. CDR emphasizes corporate responsibility for ensuring data security, algorithmic fairness, and transparency in information management. However, in Indonesia, this principle remains relatively new and has yet to be formally integrated into the national legal framework.

Beyond legal dimensions, digital corporations also face ethical and social accountability. Their operations not only shape consumer behavior but also influence social values and decision-making processes in the digital environment. For example, the use of big data analytics by e-commerce companies can manipulate purchasing decisions through automated recommendation systems. When such systems are exploited unethically for instance, through deceptive pricing or misleading information consumers may suffer losses without realizing they have been manipulated. These cases highlight the critical importance of establishing clear and enforceable corporate liability in digital markets.

Another major challenge in Indonesia's consumer protection landscape is the low level of digital and legal literacy among the public. Many users accept terms of service and privacy policies without reading or understanding them, inadvertently granting corporations broad access to their personal data. In this context, the law should not only function as a punitive instrument but also serve as an educational and preventive tool, empowering consumers to understand their rights and obligations in the digital ecosystem.

The Indonesian government has taken steps to strengthen data protection by enacting the Personal Data Protection Law (Law No. 27 of 2022), which is expected to serve as a cornerstone for ensuring corporate accountability regarding user data. Nonetheless, the law's effectiveness depends heavily on its implementation, particularly in establishing an independent supervisory authority, imposing administrative sanctions, and developing an efficient dispute resolution mechanism.

At the institutional level, agencies such as the National Consumer Protection Agency (BPKN) and Consumer Protection NGOs (LPKSM) play strategic roles in handling complaints, promoting consumer education, and overseeing corporate responsibility. However, limited authority and resources have constrained their ability to monitor large multinational digital corporations effectively.

To overcome these challenges, a more adaptive and collaborative legal approach is required one that aligns legal frameworks with technological progress and fosters cooperation among the government, corporations, and civil society. Such an approach should emphasize preventive measures, including the establishment of digital security standards, ethical data-use guidelines, and corporate transparency obligations. Law, therefore, must function not merely as a tool of control but also as an instrument of digital justice that promotes fairness and sustainability.

In the current age of globalized information, corporate accountability in the digital sphere cannot be separated from the principles of Good Corporate Governance (GCG). The principles of accountability, transparency, and social responsibility must extend into digital operations. Corporations can no longer pursue profit alone without ensuring consumer rights and safety. The sustainability of digital businesses ultimately depends on their ability to implement ethical and responsible business practices.

Given these considerations, it is crucial to reexamine how Indonesia's legal framework can adapt to the dynamics of the digital economy. The study of corporate liability for consumer losses is not only theoretically significant but also practically essential for safeguarding public interests. This research seeks to analyze the concept, regulation, and practice of corporate legal responsibility in the digital economy and to propose solutions to strengthen consumer protection mechanisms in Indonesia. Through this analysis, it is expected that a more comprehensive understanding of corporate digital accountability can be achieved, allowing for a sustainable balance between technological innovation and consumer protection in line with the nation's legal ideals and principles of social justice in the era of ongoing digital transformation.

RESEARCH METHODOLOGY

This study employs a normative juridical method, which focuses on the analysis of positive legal norms governing human behavior in social interactions, including the legal relationship between digital business actors and consumers. The normative juridical approach is used because the research problem is primarily conceptual and normative, centering on how existing legal frameworks define and enforce corporate accountability in the context of digital consumer protection. Hence, this study does not emphasize empirical data collection but rather provides an interpretive examination of legal texts, statutory instruments, and doctrinal theories within contemporary legal scholarship (Suyanto, 2023).

Two main approaches underpin this study: the statutory approach and the conceptual approach. The statutory approach examines various regulations related to corporate responsibility in electronic transactions and consumer protection within digital environments. Key legislative instruments analyzed include Law No. 8 of 1999 on Consumer Protection (UUPK), Law No. 11 of 2008 on Electronic Information and Transactions (ITE Law) as amended by Law No. 19 of 2016, and Government Regulation No. 71 of 2019 on the Implementation of Electronic Systems and Transactions. This approach aims to identify how these legal frameworks regulate corporate obligations and liabilities in safeguarding consumers from risks such as data breaches, online fraud, and unfair contractual practices in digital commerce.

The conceptual approach, on the other hand, explores theoretical and doctrinal constructs underpinning corporate liability in the digital era such as the principles of corporate liability, consumer protection, and digital accountability. This approach is essential because law is not merely a collection of written norms but also a reflection of societal values, justice, and evolving doctrines in modern jurisprudence. Through this conceptual framework, the study seeks to establish a theoretical connection between corporate responsibility doctrines and their practical application within increasingly complex digital business ecosystems.

The research draws upon two categories of legal materials: primary and secondary legal sources. Primary materials consist of statutory laws, court decisions, and relevant jurisprudence addressing corporate liability in digital contexts. Secondary materials include legal textbooks, academic journals, scholarly articles, research reports, and expert commentaries that discuss the theoretical and practical aspects of consumer protection in digital transactions. Data were collected through library research, involving the systematic review of printed and electronic legal sources relevant to the topic.

The collected materials were analyzed using a qualitative descriptive analysis method. This analytical technique emphasizes interpretation and systematic explanation of legal norms rather than statistical or numerical data. The analysis proceeded through three primary stages:

Inventory and classification of relevant legal instruments and doctrines;

Interpretation of legal norms to assess the extent of corporate accountability within digital frameworks

Normative evaluation and conclusion drawing regarding the effectiveness and enforceability of existing laws in protecting digital consumers.

By adopting this normative juridical method, the study aims to contribute to the development of legal science, particularly in the fields of business law and cyber law. It also seeks to identify potential legal gaps and inconsistencies in regulating corporate digital responsibility while offering constructive recommendations for policymakers to formulate more adaptive and responsive regulations suited to the dynamics of the digital economy. The normative approach is considered the most appropriate because it

bridges the relationship between legal norms and the practical needs of society in the digital age, providing a strong conceptual foundation for reinforcing consumer protection within Indonesia's legal system.

Ultimately, this methodological framework is designed to provide a comprehensive, systematic, and normatively grounded legal analysis. Such a structured theoretical approach allows for an in-depth evaluation of how effectively Indonesia's national legal system safeguards consumers in digital transactions and how corporate legal liability can be fairly and proportionally enforced in the context of a rapidly evolving digital economy.

RESULT AND DISCUSSION

The Concept of Corporate Responsibility in Consumer Protection Law

In modern legal systems, corporations are recognized as legal entities (rechtspersoon) that possess rights and obligations equivalent to natural persons (natuurlijk persoon). This means corporations can be held legally liable for actions committed by their management or representatives, particularly when such actions cause harm to third parties, including consumers (Suseno & Yeti, 2021).

Within the framework of consumer protection law, corporate responsibility is grounded in two fundamental doctrines: strict liability and vicarious liability. The principle of strict liability holds that a corporation can be held accountable regardless of fault, as long as its actions or negligence result in consumer harm. Meanwhile, vicarious liability establishes that a corporation bears responsibility for the conduct of its employees or agents acting on its behalf (Prakarsa, 2024). These doctrines are highly relevant in digital transactions, where many operations occur automatically through algorithmic systems, making personal fault difficult to prove.

In practice, corporate responsibility in digital business includes several core duties: (1) ensuring the safety and reliability of electronic systems used in transactions; (2) maintaining accuracy and transparency in product information; (3) protecting the confidentiality and integrity of consumer data; and (4) providing accessible dispute resolution mechanisms. These obligations align with Article 19 of Law No. 8 of 1999 on Consumer Protection (UUPK), which requires businesses to compensate consumers for any loss, damage, or contamination resulting from their goods or services.

Corporate accountability in the digital sector also extends beyond private law obligations to encompass social responsibility. This has evolved into the concept of Corporate Digital Responsibility (CDR), which emphasizes ethical conduct in data management, algorithmic decision-making, and user interaction. CDR underscores that corporations must go beyond mere legal compliance, integrating moral integrity and ethical awareness as essential components of consumer trust in digital spaces.

Challenges of Consumer Protection in the Digital Economy

The expansion of the digital economy has accelerated cross-border transactions while simultaneously introducing new legal and regulatory challenges. One of the most significant obstacles is jurisdictional complexity. Many digital platforms operate globally with servers and headquarters located outside Indonesia, complicating the enforcement of national laws in consumer disputes involving international entities (Tobing et al., 2024).

Another challenge lies in the anonymity of digital businesses. In e-commerce, many sellers lack identifiable physical addresses, making it difficult to hold them accountable for violations. Furthermore, digital platforms often act as intermediaries between sellers and consumers, leading to ambiguity in determining liability among the platform, merchants, and payment service providers (Dianta, 2023). This structural uncertainty weakens consumer protection mechanisms because identifying the primary responsible party becomes problematic.

Low digital literacy among consumers also exacerbates these issues. Many users either ignore or fail to understand "terms of service" and "privacy policy" agreements that often contain exoneration clauses limiting corporate liability. Consequently, consumers unknowingly forfeit their rights when engaging with digital platforms.

Additionally, Indonesia's Online Dispute Resolution (ODR) system remains underdeveloped. Although agencies like the National Consumer Protection Agency (BPKN) and the Ministry of Communication and Informatics (Kominfo) have attempted to establish online complaint systems, these remain administrative in nature and lack binding legal authority. As a result, many disputes between consumers and platforms are resolved unilaterally by corporations without fair mediation.

Implementation of Consumer Protection Laws Toward Digital Corporations

Formally, Indonesia's legal framework provides a strong foundation for consumer protection through the UUPK, the Electronic Information and Transactions Law (ITE Law), and the Personal Data Protection Law (PDP Law) of 2022. However, practical enforcement remains problematic due to weaknesses in institutional coordination, law enforcement capacity, and corporate compliance (Dewi & Mahuli, 2025).

From a law enforcement perspective, there remains a substantial gap between the normative provisions and their application. Many digital corporations that violate consumer protection rules receive only administrative sanctions or warnings rather than financial penalties or operational restrictions, reducing deterrence effects.

Institutionally, agencies such as BPKN, Kominfo, and the Financial Services Authority (OJK) still operate in silos, lacking an integrated supervisory framework. In contrast, digital corporations often operate across multiple sectors commerce, finance, information technology, and data protection making sectoral oversight ineffective (Rumondor, 2024).

From a corporate compliance standpoint, many digital businesses fail to implement privacy by design and security by default principles in their electronic systems. The increasing frequency of major data breaches on e-commerce platforms reflects this negligence. Although the PDP Law requires companies to protect user data, enforcement awaits the establishment of an independent Data Protection Authority, similar to models in the European Union.

Moreover, consumer compensation mechanisms remain inadequate. Many companies provide only vouchers or discounts as redress, which fails to meet the principle of proportional justice. This indicates that consumer protection is still perceived as a formal obligation rather than a substantive legal duty.

Strengthening Corporate Accountability in the Digital Era

Enhancing corporate accountability in the digital age requires a comprehensive strategy encompassing regulatory, institutional, and educational dimensions. From a regulatory perspective, the government must strengthen specific legal instruments addressing digital consumer protection, dispute resolution, and data transparency obligations. Harmonization among the UUPK, ITE Law, and PDP Law is essential to avoid overlapping provisions. Additionally, regulations should clearly define joint liability among digital platforms, merchants, and payment providers to ensure that consumer protection extends across all entities involved in online transactions.

Institutionally, Indonesia urgently needs an independent regulatory body a Digital Consumer Protection Authority with the authority to monitor, investigate, and sanction digital violations. Such an institution would oversee compliance with data protection standards, algorithmic transparency, and secure digital transactions.

From an educational standpoint, improving digital literacy is crucial. The government, educational institutions, and digital corporations must collaborate in public education campaigns that raise awareness of consumer rights, digital ethics, and safe online behavior.

Finally, integrating the principles of Corporate Digital Responsibility (CDR) into modern business governance is vital. Companies must embed data security, user privacy, and algorithmic transparency into their core values. Corporate accountability should no longer be driven solely by economic profit but also by ethical sustainability and public trust.

Through these combined measures, Indonesia can foster a digital ecosystem that balances technological innovation with robust legal safeguards ensuring that consumer rights remain protected while promoting responsible and sustainable corporate conduct.

CONCLUSION

The digital economy era has opened vast opportunities for innovation and economic growth, yet it simultaneously presents emerging risks to consumer protection. Within this context, corporations bear both legal and ethical responsibilities to ensure fairness, transparency, and security in every digital transaction they facilitate.

Although Indonesia already has a relatively strong legal framework through the Consumer Protection Law (UUPK), the Electronic Information and Transactions Law (UU ITE), and the Personal Data Protection Law (UU PDP) the implementation of corporate accountability remains limited. Key obstacles persist in regulatory enforcement, institutional supervision, and public digital literacy.

To strengthen corporate accountability, a comprehensive and integrated approach is essential. This includes consistent law enforcement, the establishment of an independent supervisory body dedicated to digital consumer protection, and the internalization of digital ethics within corporate governance structures. Only through a balance between regulatory compliance, responsible innovation, and active consumer participation can Indonesia's digital economy evolve into a fair, secure, and sustainable ecosystem that safeguards the interests of all consumers.

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