



Consumer Legal Protection in Online Transactions: Challenges and Opportunities in Indonesia's Digital Economy

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ABSTRACT

This study examines the legal protection of consumers in online business transactions in Indonesia, an issue that has become increasingly critical in the digital era. Advances in information technology have transformed traditional commerce into e-commerce, offering convenience while also introducing various risks, such as fraud, product non-conformity, and breaches of consumer data privacy. Employing a normative juridical method with a statutory approach, this research analyzes the implementation of Law No. 8 of 1999 on Consumer Protection and the Electronic Information and Transactions Law (ITE Law) in resolving e-commerce disputes.

The findings reveal that despite the existence of legal regulations, significant challenges persist in the implementation of consumer protection, primarily due to low consumer awareness of their rights and weak law enforcement. The novelty of this study, compared to previous research, lies in its empirical approach to identifying the legal challenges consumers face in online transactions. In addition to examining existing regulations, this study investigates real cases of e-commerce fraud in Indonesia that have led to financial losses for consumers.

The study underscores the importance of consumer education, stricter supervision of online business operators, and the development of more effective dispute resolution mechanisms. By highlighting the necessity of synergy between the government, business operators, and society, this research contributes to the formulation of more adaptive policies to strengthen consumer protection in the digital economy.

A. INTRODUCTION

The advancement of information and communication technology has significantly transformed global trade patterns, including in Indonesia. Traditional face-to-face transactions have increasingly shifted to electronic transactions conducted through e-commerce platforms. The convenience of online transactions has played a crucial role in the expansion of the e-commerce sector, allowing consumers to access a wide range of products and services more quickly and efficiently. However, this growth also presents challenges, particularly concerning consumer protection, as consumers are increasingly exposed to risks such as fraud, product non-conformity, and data privacy breaches (Maharani & Dzikra, 2021).

In Indonesia, consumer protection in e-commerce transactions is governed by Law No. 8 of 1999 on Consumer Protection (UUPK) and the Electronic Information and Transactions Law (UU ITE). These regulations outline the responsibilities of business entities, ensuring compliance with applicable standards and mitigating potential consumer harm (Choeirunnissa et al., 2024). Additionally, data protection has emerged as a critical issue in online transactions, given the collection and processing of consumers' personal information. To address these concerns, the enactment of the Personal Data Protection Law (PDP Law No. 27 of 2022) strengthens the legal framework for safeguarding consumer privacy and data security (Ahyar Wiraguna et al., 2024). In line with global trends, Indonesia prioritizes transparency and security in personal data management, reflecting the growing consumer demand for enhanced privacy protection (Ayunda, 2022).

Despite the presence of comprehensive regulations, the enforcement of consumer protection in e-commerce transactions continues to face significant challenges. Key issues include low consumer awareness of their rights, weak enforcement of laws against business actors who violate consumer protection provisions, and ineffective dispute resolution mechanisms. Many consumers struggle to obtain remedies when they fall victim to fraudulent online business practices, underscoring the need for stronger legal frameworks to uphold consumer rights (Hardigaluh & Pulungan, 2022).

This study examines the effectiveness of legal protection for consumers in e-commerce transactions in Indonesia and the challenges associated with its implementation. Although regulations such as the Consumer Protection Law (UUPK) and the Electronic Information and Transactions Law (UU ITE) establish the rights and obligations of business actors and consumers, gaps in enforcement persist. A major challenge is the low level of consumer awareness regarding their rights in online transactions, which makes them more susceptible to unfair business practices. Additionally, weak enforcement of consumer protection laws often allows business actors to evade accountability for violations, resulting in financial and legal harm to consumers (Choeirunnissa et al., 2024; Hardigaluh & Pulungan, 2022).

Dispute resolution mechanisms play a crucial role in consumer protection within e-commerce. Although litigation through the courts remains an option, it is often time-consuming and costly, making it an impractical choice for consumers seeking swift resolutions. As a result, alternative dispute resolution mechanisms, such as mediation through consumer dispute settlement agencies, have been introduced to provide a more efficient solution (Sugeng & Fitria, 2021). However, the effectiveness of these mechanisms remains limited, primarily due to consumers' lack of awareness regarding dispute resolution procedures and the restricted availability of mediation services in certain regions. Consequently, many consumers who experience financial losses in online transactions lack adequate means to seek justice (Andikatama & Turisno, 2024).

Furthermore, technological advancements and evolving consumer behaviors in digital transactions have introduced additional complexities to legal protection in this sector. The rise of social media platforms and live-streaming features as marketing tools has created new challenges in safeguarding consumer rights, as existing regulatory

frameworks have not yet fully adapted to the rapidly evolving digital trade landscape (Song & Kong, 2024). Therefore, consumer protection regulations must be updated and aligned with technological developments to ensure more effective legal safeguards. This study examines the limitations of current regulations and proposes adaptive solutions to enhance consumer protection in the digital era.

Several studies highlight the need for legal reforms to enhance consumer protection in e-commerce transactions. A key aspect of this protection is data security, which is essential for online transactions. The OECD has established international guidelines on consumer data protection, emphasizing transparency in data collection and use, as well as the necessity of obtaining consumer consent before processing personal information (Good Practice Guide on Consumer Data, 2019). Aligned with these global standards, Indonesia's PDP Law aims to grant consumers greater control over their personal data (Ahyar Wiraguna et al., 2024).

Beyond data protection, the effectiveness of e-commerce regulations largely depends on the enforcement of consumer protection laws. Comparative legal studies indicate that while many jurisdictions have established comprehensive consumer protection frameworks, enforcement remains a persistent challenge (Hardigaluh & Pulungan, 2022). To strengthen consumer protection in e-commerce, several key measures should be implemented:

- 1) **Enhancing Consumer Education:** Many consumers are unaware of their rights in online transactions, highlighting the need for more extensive educational programs (Andikatama & Turisno, 2024).
- 2) **Strengthening Law Enforcement:** Regulatory authorities must improve oversight of e-commerce platforms and ensure that businesses violating consumer rights face appropriate sanctions.
- 3) **Expanding Access to Dispute Resolution Mechanisms:** In addition to traditional court proceedings, alternative dispute resolution methods, such as mediation and arbitration, should be reinforced to expedite the resolution of consumer disputes (Sugeng & Fitria, 2021).
- 4) **Adapting Regulations to Technological Advancements:** As digital transaction methods continue to evolve, legal frameworks must be periodically updated to reflect changes in the e-commerce ecosystem (Song & Kong, 2024).

This study aims to address gaps in the existing literature by conducting a comprehensive analysis of the challenges and solutions related to legal protection for e-commerce consumers in Indonesia. By examining relevant regulations, identifying implementation challenges, and proposing policy solutions that better adapt to technological advancements, this research seeks to contribute to the development of a safer and more reliable e-commerce ecosystem.

B. METHOD

This study aims to address gaps in the existing literature by providing a comprehensive analysis of the challenges and solutions related to legal protection for e-

commerce consumers in Indonesia. By examining applicable regulations, identifying implementation challenges, and proposing policy solutions that are more adaptive to technological advancements, this research seeks to contribute to the development of a safer and more reliable e-commerce ecosystem. This study employs a normative juridical method, which analyzes law as a system of norms, principles, and regulations governing consumer protection in e-commerce transactions. This approach enables an in-depth examination of relevant legal provisions and assesses their practical implementation in safeguarding consumer rights. Within this framework, the law functions both as a regulatory mechanism that governs relationships between consumers and business actors in digital transactions and as an instrument for resolving disputes arising from violations of consumer rights (Marzuki, 2017).

The research adopts a statutory approach, focusing on the analysis of legal norms relevant to consumer protection in electronic transactions. The primary legal sources include Law No. 8 of 1999 on Consumer Protection (UUPK), which defines consumer rights and business obligations; Law No. 11 of 2008 on Electronic Information and Transactions (UU ITE), as amended by Law No. 19 of 2016, which regulates electronic transactions and consumer data security; and Law No. 27 of 2022 on Personal Data Protection (PDP Law), which strengthens the legal framework for data privacy in online transactions. Additionally, relevant provisions from the Indonesian Penal Code (KUHP) and the Civil Code (KUHPerdata) are analyzed concerning fraud in e-commerce transactions and civil liability for consumer losses. To provide a comparative perspective, international guidelines, such as the OECD ([Good Practice Guide on Consumer Data, 2019](#)), are referenced to assess Indonesia's consumer protection framework against global standards.

This research is based on two primary sources: primary legal sources, which include national laws and regulations, and secondary legal sources, which consist of books, scholarly journals, prior research, official legal documents, and articles from reputable media discussing consumer protection in e-commerce transactions. The study employs documentary research methods, involving the review and analysis of legal documents and relevant literature through a qualitative descriptive approach. The analysis is conducted using the following methods: 1) Identification and interpretation of legal norms – examining the content of consumer protection laws to assess their scope and applicability. 2) Gap analysis – comparing existing regulations with practical challenges in e-commerce transactions to identify weaknesses in their implementation. 3) Comparative legal analysis – evaluating best practices from other jurisdictions and international guidelines, such as those issued by the OECD, to develop policy recommendations for strengthening consumer protection in Indonesia.

By applying this methodology, the study aims to provide a comprehensive legal analysis of the effectiveness of existing regulations and propose recommendations to enhance consumer protection in Indonesia's digital economy.

C. RESULTS AND DISCUSSION

Legal Basis for Consumer Protection in E-Commerce Transactions

Legal protection for consumers in e-commerce transactions in Indonesia is governed by various regulations that outline the rights and responsibilities of both consumers and business actors. The primary legal framework is provided by Law No. 8 of 1999 on Consumer Protection (UUPK), which ensures that consumers are safeguarded against harmful business practices. Under the UUPK, consumers have the right to receive clear, honest, and non-misleading information regarding products or services offered online. Additionally, they are entitled to protection from unfair business practices, exploitation, and fraud (Kristiyanti, 2008).

Beyond the UUPK, consumer protection in electronic transactions is further regulated by Law No. 11 of 2008 on Electronic Information and Transactions (UU ITE), as amended by Law No. 19 of 2016. This law establishes the legal framework for electronic contracts, addresses cybercrime, and outlines the liability of business actors in ensuring the accuracy of information provided to consumers. In cases of disputes, the UU ITE also offers legal mechanisms for resolution, whether through litigation or Alternative Dispute Resolution (ADR) (Choeirunnissa et al., 2024).

Furthermore, data privacy in online transactions has become a critical concern following the enactment of Law No. 27 of 2022 on Personal Data Protection (PDP Law). This legislation enhances legal safeguards for consumers by regulating the management and security of their personal data collected by business entities. Aligned with international guidelines, such as the OECD's (Good Practice Guide on Consumer Data, 2019), the PDP Law ensures that consumers have the right to grant or withdraw consent regarding the collection and use of their personal data (Ahyar Wiraguna et al., 2024).

Challenges in the Implementation of Consumer Protection in E-Commerce

Although Indonesia has comprehensive regulations governing consumer protection in e-commerce transactions, their implementation faces several challenges. One of the primary issues is the low level of consumer awareness regarding their rights in online transactions. Many consumers remain unaware of the legal protections available to them, making it difficult for them to seek redress when they experience financial losses due to fraud or receive products that do not match advertised specifications (Andikatama & Turisno, 2024).

Another significant challenge is weak law enforcement, which exacerbates consumer protection issues. Business entities that violate consumer rights often go unpunished, particularly in cases of online fraud, which can be difficult to trace and prosecute. Comparative legal studies indicate that while many countries have well-established consumer protection frameworks, their effectiveness largely depends on the strength of their enforcement mechanisms (Hardigaluh & Pulungan, 2022). Strengthening oversight institutions, such as the National Consumer Protection Agency (BPKN), and enhancing coordination between the government, law enforcement authorities, and e-commerce platforms are crucial steps toward ensuring stronger legal protection for online consumers (Choeirunnissa et al., 2024).

From a legal theory perspective, consumer protection in e-commerce aligns with the responsive law theory proposed by Philip Nonet and Philip Selznick (Nonet et al., 2017). This theory asserts that an effective legal system must adapt to social changes and societal needs. In the context of e-commerce, existing regulations should evolve alongside technological advancements and digital business practices to ensure effective consumer protection (Sidharta, 2006).

Case Analysis of Fraud in E-Commerce Transactions

Fraud in e-commerce transactions remains widespread in Indonesia. One notable case involved a journalist who fell victim to online shopping fraud, resulting in a financial loss of IDR 66.3 million. The victim was deceived while purchasing products from an online store on a social media platform. The perpetrator falsely claimed shipping issues and requested additional payments as a condition for issuing a refund, ultimately leading to significant financial losses (Budi, 2024).

This case underscores the lack of adequate legal protection for consumers in e-commerce transactions, particularly in monitoring online businesses operating through unregulated social media platforms. From a criminal law perspective, such actions constitute fraud under Article 378 of the Indonesian Penal Code (KUHP), which stipulates that any individual who, with the intent to unlawfully gain an advantage for themselves or another party through deception, a series of lies, or fraudulent actions, may be subject to criminal penalties (KUHP, 2023). Furthermore, the perpetrator's actions may also be prosecuted under Article 28, Paragraph (1) of the Electronic Information and Transactions Law (UU ITE), which prohibits the dissemination of misleading information that causes consumer harm in electronic transactions.

According to Satjipto Rahardjo's theory of legal protection (Rahardjo, 2014), the law functions to safeguard the rights of individuals who have suffered harm due to the actions of others. In this context, the state must provide effective legal remedies for consumers who fall victim to digital fraud, either by strengthening regulatory enforcement or ensuring better access to justice.

Strategies and Solutions for Strengthening Consumer Protection

To address the challenges of consumer protection in e-commerce transactions, several strategies must be implemented. First, enhancing consumer education is essential to raise public awareness of their rights in online transactions. The government can collaborate with e-commerce platforms and consumer protection organizations to promote awareness campaigns on consumer rights and responsibilities in digital transactions (Andikatama & Turisno, 2024).

Second, strengthening law enforcement against business entities that violate consumer rights is crucial. The government and relevant authorities must take stricter measures against e-commerce fraud by improving coordination among agencies, including the Ministry of Trade, BPKN, and online marketplace providers (Hardigaluh & Pulungan, 2022).

Third, enhancing dispute resolution mechanisms is essential to ensuring that consumers have better access to legal remedies. Beyond litigation, alternative dispute

resolution methods, such as mediation and arbitration through consumer dispute resolution bodies, should be optimized to facilitate the efficient resolution of e-commerce disputes (Sugeng & Fitria, 2021).

Lastly, consumer protection regulations must continuously evolve in response to technological advancements and shifting consumer behavior. The government should regularly review and amend existing laws to address emerging challenges in digital commerce, including the integration of Artificial Intelligence (AI) in e-commerce services, social media-based transactions, and live-streaming commerce (Song & Kong, 2024). By adopting a more adaptive and responsive regulatory approach, Indonesia can strengthen legal protections for consumers, fostering a safer and more trustworthy digital marketplace.

D. CONCLUSION

This study examines legal protections for consumers in e-commerce transactions in Indonesia, which are regulated by various laws, including the Consumer Protection Law (UUPK), the Electronic Information and Transactions Law (UU ITE), and the Personal Data Protection Law (UU PDP). While these regulations establish a clear legal framework defining the rights and obligations of both consumers and business actors, their implementation faces several challenges. The primary issues include low consumer awareness, weak law enforcement, and ineffective dispute resolution mechanisms, leading to numerous unresolved cases of online fraud.

To address these challenges, more adaptive strategies are needed to enhance consumer protection. Strengthening consumer education is essential to increase public awareness of consumer rights in online transactions. Additionally, law enforcement and regulatory oversight of non-compliant business actors must be reinforced to create a deterrent effect against violations. Furthermore, improving alternative dispute resolution mechanisms, such as digital-based mediation and arbitration, is crucial to providing consumers with faster and more accessible means of resolving disputes.

Consumer protection regulations must be continuously updated to keep pace with technological advancements and the evolving digital economy. The government should adopt more flexible policies to address emerging trends in e-commerce, including transactions via social media, live-streaming commerce, and the integration of artificial intelligence (AI) in digital services. Strengthening regulatory frameworks and ensuring effective law enforcement will contribute to a safer, fairer, and more sustainable e-commerce ecosystem in Indonesia for both consumers and businesses.

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