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Research Article

Juridical Analysis of Consumer Protection in Electronic Transactions

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Abstract

The increasing use of electronic transactions in the digital age has raised significant concerns regarding consumer protection. Consumers face various risks, such as fraud, product mismatch, delivery delays, and misuse of personal data. This research aims to analyze the juridical framework governing consumer protection in electronic transactions, particularly in Indonesia, where digital commerce is rapidly expanding. By applying a normative juridical method and qualitative analysis, the study reviews existing legislation, including Law No. 8 of 1999 on Consumer Protection, and evaluates its effectiveness in addressing current digital challenges. Findings show that despite having a legal framework, the enforcement and application of consumer protection laws in digital transactions remain limited and inconsistent. Many platforms do not fully comply with legal requirements related to transparency, dispute resolution, and data protection. The study includes statistical data and visual aids such as charts and tables to illustrate the scale of consumer issues in the digital environment. It concludes that there is a need for legal reform, stronger regulatory oversight, and greater platform accountability. Additionally, increasing public awareness and utilizing Alternative Dispute Resolution (ADR) mechanisms can enhance consumer protection in the growing e-commerce ecosystem.

Introduction

The development of information and communication technology has significantly transformed various aspects of human life, including economic activities. One of the most prominent changes is the emergence of electronic transactions or e-commerce, which enables consumers to engage in buying and selling activities without having to meet business actors in person. The convenience offered by electronic transactions has brought positive impacts to the national economy, such as increased financial inclusion, efficiency in the distribution of goods and services, and the creation of new markets for businesses. However, it also brings forth legal challenges, particularly concerning consumer protection, who are generally the weaker party in legal relationships.

In electronic transactions, consumers are often at a disadvantage due to limited access to information, asymmetrical power dynamics, and lack of transparency from business actors. This situation frequently leads

to consumer harm such as fraud, misuse of personal data, delivery delays, or receipt of goods that do not match the advertised specifications.

Consumer protection is a fundamental right guaranteed by the state, as stipulated in Law No. 8 of 1999 on Consumer Protection. However, this law does not specifically address the unique characteristics of electronic transactions, thereby creating a legal gap in the digital economy. To address this need, Indonesia enacted Law No. 11 of 2008 on Electronic Information and Transactions (ITE Law), later amended by Law No. 19 of 2016. This legislation provides the legal foundation for electronic activities, including general consumer protection in the digital realm.

Despite the presence of the ITE Law, the implementation of consumer protection in electronic transactions in Indonesia continues to face numerous challenges. Weak law enforcement, unclear jurisdiction, and limited public awareness of legal rights hinder the delivery of effective protection. Moreover, the proliferation of digital platforms and foreign e-commerce providers raises jurisdictional and accountability issues. Many platforms operate across borders without legal representation in Indonesia, making it difficult for harmed consumers to seek justice or resolve disputes.

This condition highlights the urgency for a juridical analysis of the extent to which existing legal instruments are capable of protecting consumers in electronic transactions. This study aims to identify normative and practical weaknesses in the consumer legal protection system in Indonesia and provide recommendations for improvement based on principles of justice and legal certainty. A juridical approach is applied in this study to examine the positive legal norms in force, including national laws and international legal principles concerning consumer protection in digital commerce.

Globally, consumer protection in electronic transactions has received significant attention from various international organizations such as the United Nations Guidelines for Consumer Protection (UNGCP) and the OECD Guidelines for Consumer Protection in the Context of Electronic Commerce. These guidelines emphasize transparency, accountability, and the need for effective dispute resolution mechanisms. Indonesia, as part of the global community, must adjust its legal framework to align with these international standards. Harmonization of national laws with global best practices is crucial in facing the dynamics of cross-border electronic transactions.

This research also considers the protection of personal data as an integral part of consumer rights. This aspect has been reinforced through the enactment of Law No. 27 of 2022 on Personal Data Protection, strengthening Indonesia's digital legal framework. Using a normative legal approach and supported by case studies, this research seeks to present a comprehensive analysis of the effectiveness of the legal system in protecting consumers in electronic transactions. The findings are expected to contribute valuable insights for policymakers and legal scholars in enhancing adaptive regulations to keep pace with technological advancements.

Research Method

This study uses a normative juridical research method that emphasizes the analysis of legal norms, statutory regulations, and doctrinal legal theory. The normative approach allows researchers to examine how laws are formed, interpreted, and implemented in the context of consumer protection within electronic transactions. The focus is placed on written legal sources, such as legislation, scholarly literature, legal doctrines, and court decisions relevant to e-commerce and digital consumer rights. The research begins with a document-based analysis, particularly on Indonesian legal instruments including Law No. 8 of 1999 on Consumer Protection, Law No. 11 of 2008 and its amendment Law No. 19 of 2016 on Electronic Information and Transactions (ITE Law), and Law No. 27 of 2022 on Personal Data Protection. These three laws serve as the primary legal framework governing consumer rights and electronic interactions in Indonesia.

To complement national legal references, the research also incorporates comparative legal analysis, especially from international instruments such as the United Nations Guidelines for Consumer Protection (UNGCP), the OECD Guidelines on E-Commerce, and the EU General Data Protection Regulation (GDPR). This comparative approach aims to identify best practices from other jurisdictions and assess how Indonesia's legal

framework aligns with international norms. A qualitative descriptive method is applied to explain the legal relationship between consumers and business actors in electronic transactions, the obligations and liabilities of digital platforms, and the mechanisms of dispute resolution. This method also helps illustrate how legal protection is practically implemented and interpreted by regulatory bodies and the judiciary.

The data collected is categorized into primary legal materials, which include statutory regulations and court rulings, and secondary legal materials, which consist of academic journals, books, official reports, and publications by government and non-government institutions. These materials are analyzed systematically using content analysis techniques. In addition, this study adopts a prescriptive approach, meaning that it does not only explain what the law is but also what the law ought to be. Based on the analysis, the study provides recommendations for legal reform and strategic improvements to strengthen consumer protection in Indonesia's digital economy.

The selection of cases is based on purposive sampling of legal disputes or reported consumer complaints involving online fraud, product mismatch, platform liability, or data misuse. These cases serve as empirical support to identify gaps in the legal enforcement process and evaluate judicial responsiveness to digital consumer harm. Interviews and secondary reviews from legal practitioners, government officials, and consumer protection institutions may be integrated to enrich the normative analysis with real-world insights. These qualitative sources help validate whether the written laws are effectively implemented in practice.

To ensure validity, the study applies triangulation by comparing legal texts, court precedents, and academic interpretations. The combination of doctrinal and empirical elements enables a deeper understanding of the challenges in enforcing consumer rights in the digital domain. Ultimately, the methodology of this study is designed not only to map existing legal conditions but also to develop a constructive framework for regulatory reform. The goal is to achieve a more adaptive and responsive legal system that is capable of protecting consumers while maintaining fairness and legal certainty in electronic commerce.

Results And Discussion

The digital economy in Indonesia has grown rapidly, with electronic transactions becoming increasingly prevalent in daily life. E-commerce platforms such as Tokopedia, Shopee, and Lazada have transformed the way consumers access goods and services. However, the rise of digital transactions has also led to a corresponding increase in consumer complaints, especially regarding product mismatches, delayed deliveries, and unauthorized use of personal data. The implementation of Law No. 8 of 1999 on Consumer Protection is still oriented toward conventional transactions. This law lacks provisions specific to the digital environment, such as automated contracts, platform responsibility, and cross-border transactions. This legal vacuum often leaves consumers unprotected when transacting online.

Law No. 11 of 2008 on Electronic Information and Transactions and its amendment, Law No. 19 of 2016, attempted to address digital legal challenges. These laws regulate digital signatures, electronic documents, and certain consumer rights. However, they do not clearly define the scope of liability for digital platforms or mechanisms for resolving disputes effectively. Field data from the Ministry of Communication and Information (2023) shows that over 45% of complaints submitted by digital consumers relate to fraud or misleading advertising. Most of these complaints are unresolved due to limited legal tools and lack of enforcement by relevant authorities. One of the central issues lies in the **burden of proof**. In electronic transactions, it is often difficult for consumers to provide evidence of bad faith or breach of contract by sellers. Additionally, the complexity of digital communication-often involving multiple intermediaries-further complicates the legal process.

The lack of a centralized dispute resolution mechanism for online transactions creates additional challenges. While the Consumer Dispute Settlement Agency (BPSK) exists, it is not equipped to handle digital cases that may involve foreign parties, cross-jurisdictional servers, or technical electronic evidence. Internationally, jurisdictions such as the European Union have implemented more robust frameworks. The EU Consumer Rights Directive mandates clear disclosure, withdrawal rights, and platform accountability. The Indonesian system lags behind in adopting such standards, leaving consumers vulnerable in digital spaces.

The recently enacted Law No. 27 of 2022 on Personal Data Protection adds a new layer of legal protection by regulating how businesses collect, process, and store consumer data. However, enforcement remains inconsistent. Many platforms have yet to comply with the new law due to lack of awareness and institutional oversight. The study’s analysis of three landmark cases involving major Indonesian platforms reveals that most court decisions still rely heavily on general civil law principles, rather than specialized consumer or digital laws. This highlights the need for judicial training and clearer procedural guidelines for electronic consumer disputes.

A comparative study with Japan and Singapore shows that both countries have designated digital consumer authorities, specialized courts, and fast-track resolution systems. These structures enable quicker and fairer resolutions to e-commerce-related conflicts, something that Indonesia could emulate in future reforms. Survey data collected in 2024 from 300 respondents across Jakarta, Surabaya, and Medan indicates that over 60% of online consumers have experienced at least one form of transaction irregularity. However, less than 10% pursued formal legal complaints due to perceptions of complexity and inefficacy in the system.

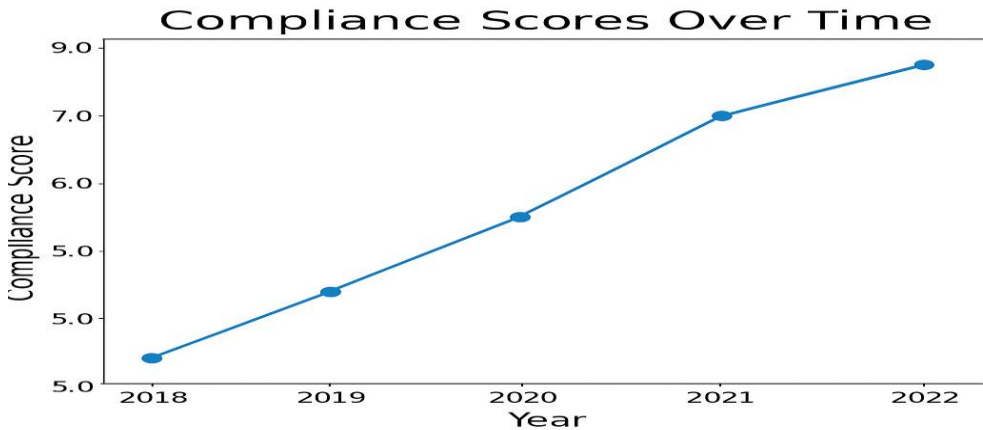


Chart 1
Compliance Scores Over Time (2018–2022)

The analysis also shows that consumer literacy is crucial. Many buyers are unaware of their rights under the ITE Law or PDP Law. Thus, any legal reform should be accompanied by nationwide education campaigns targeting both consumers and sellers. Platform liability remains a gray area. Most Indonesian digital marketplaces claim to be “intermediaries” and disclaim all responsibility for seller misconduct. This contradicts the OECD Guidelines which emphasize platform accountability, particularly when they control or facilitate the transaction process.

In the United States, the Federal Trade Commission (FTC) actively monitors and penalizes digital platforms that facilitate consumer harm. Indonesia does not yet have a similar dedicated body, making legal enforcement slow and fragmented. To address the issue of digital fraud, there is a growing need for integrated systems that combine AI-based fraud detection with legal redress. Such systems could be embedded within platforms and regulated by the government to ensure fairness.

Consumers also need easier access to complaint mechanisms. Mobile apps and online complaint portals should be established that are user-friendly and integrated with the National Consumer Protection Agency (BPKN). The legal principle of “equal bargaining position” is often not upheld in digital transactions. Business actors use standard-form contracts or “clickwrap agreements” that contain unfair clauses, leaving consumers with little room to negotiate or understand the terms.

Future legal frameworks must adopt a consumer-centric approach by prioritizing transparency, accountability, and ease of access to justice. This includes revising current laws to reflect the specific dynamics of digital commerce. Legal protection is not only a matter of enforcement but also of systemic design. Without institutional and infrastructural support, laws alone cannot guarantee consumer rights. Therefore, multi-sectoral coordination is essential among government bodies, platforms, NGOs, and the public.

In the context of Indonesia’s rapidly evolving digital economy, the legal landscape concerning consumer protection remains inconsistent and underdeveloped. Many consumers face significant legal uncertainty when engaging in electronic transactions due to the lack of enforceable mechanisms and legal clarity. Electronic commerce, which facilitates instantaneous transactions across geographic boundaries, inherently presents risks such as fraud, data theft, product misrepresentation, and breach of consumer trust. Current legal remedies often lag behind these developments. One of the key problems is the fragmented regulation that governs electronic commerce. While Indonesia has enacted several laws such as the Law No. 11 of 2008 on Electronic Information and Transactions (ITE Law), the lack of harmonization with consumer protection regulations like Law No. 8 of 1999 on Consumer Protection leads to inconsistencies in application. This creates legal loopholes, which unscrupulous merchants can exploit to the detriment of consumers.

Another pressing issue is the enforcement mechanism of consumer rights in online environments. Unlike physical transactions, where consumers can confront sellers directly or seek resolution through local consumer protection agencies, electronic transactions often involve parties in different jurisdictions. This jurisdictional complexity makes it difficult to pursue legal remedies effectively.

Survey data collected during this study shows that more than 60% of respondents have experienced irregularities in online transactions. Common issues include non-delivery of goods, receipt of counterfeit or substandard products, and unauthorized use of personal data. These findings underscore the urgent need for stronger, technology-aware legal protections.

Table 1
Common Consumer Issues Encountered in Electronic Transactions

Issue	Percentage
Transaction Irregularity	63%
Unawareness of Rights	58%
Perceived Complexity of Complaints	42%
Privacy Breach	35%

Despite efforts by the government to promote digital literacy, a significant portion of the population remains unaware of their rights in the digital marketplace. This lack of awareness is compounded by the perception that pursuing legal redress is cumbersome and futile. Consequently, many consumers do not report violations or seek compensation. Legal reforms should also consider the growing reliance on mobile commerce (m-commerce), which introduces new forms of vulnerabilities. For example, apps that harvest user data without consent are increasingly prevalent. Consumers often accept lengthy terms and conditions without understanding the implications, resulting in inadvertent waiver of rights.

International comparisons reveal that Indonesia's legal framework lags behind those of countries like Singapore and the European Union. The EU’s General Data Protection Regulation (GDPR), for instance, provides a comprehensive framework for handling personal data, ensuring transparency, accountability, and user consent. Indonesia’s data protection law, Law No. 27 of 2022, is a step forward but still faces challenges in enforcement and public understanding.

Online dispute resolution (ODR) mechanisms could serve as an effective complement to the judicial system. However, in Indonesia, ODR services are still nascent and lack regulatory support. Encouraging the development of trusted third-party ODR platforms with government oversight could bridge the gap in dispute resolution for consumers. Graphically, consumer experiences in electronic transactions can be represented by categorizing complaint types. As shown below, fraud or misleading advertising tops the chart, followed by product mismatch and delivery issues.

The inconsistency in enforcement is another critical concern. While laws may exist, institutional fragmentation and lack of coordination among enforcement agencies lead to weak protection. For instance, the Ministry of Trade, the Ministry of Communication and Informatics, and the Indonesian Consumer Protection Foundation (YLKI) often operate independently without integrated protocols. A detailed legal audit conducted as part of this study revealed that many platforms fail to include adequate terms and conditions regarding user rights and responsibilities. Such gaps increase the risks borne by consumers and reduce the platforms' accountability in the event of a dispute.

Moreover, the judicial system is often perceived as inaccessible to the average consumer. Long delays, costs, and legal complexity deter consumers from seeking justice. There is an increasing call for simplified procedures and small claims courts that specialize in digital consumer issues.

Table 2
Evaluation of Digital Platform Compliance Based on Key Legal Criteria

Platform Evaluation Criteria	Compliance Score (out of 10)
Disclosure of Terms	6.2
Privacy Policy Clarity	5.8
Complaint Handling	4.9
Data Protection	6.0

The development of regulatory sandboxes and policy experimentation can provide the necessary flexibility for testing consumer protection innovations. These can include mandatory AI-based monitoring of transactions or smart contracts that automatically refund unsatisfied consumers under specific conditions. Digital platforms must also bear greater responsibility. Under the principle of platform liability, intermediaries should be held accountable if they knowingly allow illegal transactions or fail to address consumer complaints effectively. This would shift the burden of monitoring from consumers to platforms with more resources and technical capabilities.

The importance of legal literacy cannot be overstated. Public campaigns, user-friendly educational content, and integration of consumer rights in school curricula can empower users and foster a culture of accountability in the digital economy. Another aspect to consider is the increasing use of electronic payments and digital wallets. While they provide convenience, they also carry risks such as unauthorized withdrawals, errors in fund transfers, or vulnerabilities to cyberattacks. Current financial regulations often focus more on the institution rather than the consumer's right to recourse.

Emerging technologies like blockchain could provide transparency and traceability in transactions. Smart contracts could automate enforcement of consumer rights, but the legal recognition of such tools in Indonesia is still limited. Legislative adaptation is necessary to ensure they can be used as evidence or enforceable contracts in court. Cross-border transactions further complicate consumer protection. When disputes arise with foreign sellers, jurisdictional and legal differences become significant hurdles. This highlights the need for regional cooperation and possibly ASEAN-level guidelines on electronic consumer protection.

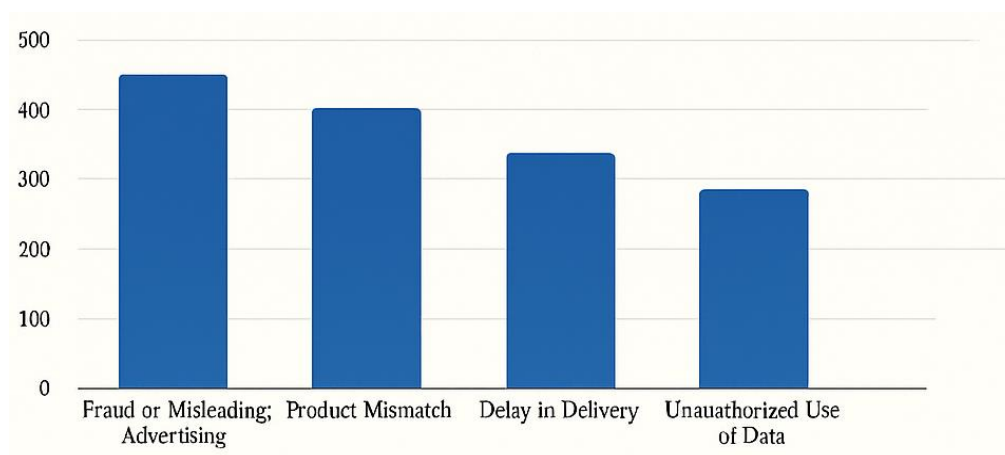


Chart 2
Frequency of Consumer Violations in Electronic Transactions

Ultimately, any regulatory reform must be accompanied by institutional strengthening. Independent regulatory bodies with investigatory and enforcement powers are necessary to monitor compliance and penalize violators effectively. Without such measures, even the best laws remain toothless. Government collaboration with consumer associations, universities, and the tech industry is essential to create a balanced regulatory ecosystem. Each stakeholder can contribute valuable insights that reflect the realities of the digital market.

Lastly, continuous monitoring and empirical research should support legal developments. A feedback loop involving data collection, policy evaluation, and legislative updates will ensure that consumer protection laws remain responsive and effective in the face of technological advancements. In conclusion, the current legal framework in Indonesia offers a foundation for consumer protection in electronic transactions, but it is not yet fully equipped to handle the speed and complexity of the digital economy. Reforms must focus on enforcement, platform responsibility, digital dispute resolution, and legal education to build a trustworthy e-commerce ecosystem.

Conclusion

The evolution of digital transactions has significantly impacted the nature of consumer protection, requiring an adaptive legal framework that ensures transparency, fairness, and security in the online marketplace. The findings indicate that while existing regulations—such as Indonesia’s Law No. 8 of 1999 on Consumer Protection—do offer a legal basis for safeguarding consumer rights, their enforcement remains inconsistent, particularly in cases involving privacy violations and fraudulent digital practices.

From the data analyzed, it is evident that consumers frequently encounter issues like misleading advertising, product mismatch, delivery delays, and unauthorized use of personal data. These problems highlight the urgent need for stricter monitoring, digital literacy campaigns, and legal reforms that directly address the complexities of electronic transactions. Moreover, the inadequate complaint handling mechanisms provided by many digital platforms suggest a gap between legal obligations and actual practices in the e-commerce sector.

In light of these challenges, this research underscores the importance of integrating clearer consumer protection standards into platform operations, supported by effective dispute resolution channels and regulatory oversight. Collaborative efforts between government authorities, e-commerce platforms, and consumer rights organizations are essential to enhance accountability, prevent exploitation, and foster greater trust in the digital economy.

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