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A CRITICAL REVIEW OF INDONESIAN ONLINE CONSUMER PROTECTION ONLINE SHOPPING, FALSE ADVERTISING, AND LEGAL PROTECTION FOR INDONESIAN E-COMMERCE CUSTOMERS

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ABSTRACT

There has been a dramatic shift ² the delivery of marketing operations due in large part to the advent and expansion of online commerce. This relatively new form of communication has revolutionized the buying and selling of goods and services by allowing consumers to select and import items, many of which are not available through local storefronts, directly from vendors around the world, often at a reduced price. Despite the fact that the rise of e-commerce has opened up new markets throughout the world, the lack of direct human contact has created a number of difficulties for consumer protection laws. This article explores the evolution of common law and legislation in response to fraudulent, dishonest, or misleading internet advertising, as well as the prevalence of such practices. Every year, e-commerce in business grows. Online shoppers grumble, though. They allege internet fraud. Online transactions increased, but consumer protection did not. Consumer protection is the biggest issue. This paper describes the consumer legal protection paradigm in online transactions and ¹ assesses Indonesia's regulatory environment. Researchers found in normative legal studies that the e-commerce agreement is separate from the core notion of the agreement provided in the UNCITRAL Model Law on e-Commerce and the UNCITRAL Model Law on e-Signature. Online commerce is similar to regular ¹ trade agreements, except it uses electronic media. We discovered that improving human resources—professional competence, academic competence, resilience, methods, and excellent attitudes and values—solves ¹ the legal protection against consumers issue. E-commerce contracts must follow fair trade practices and the law. We also note that the present rules and regulations on information and electronic transactions for consumer protection have failed to safeguard consumers because numerous infractions still result in consumer losses.

Keywords: Online transactions, Protection, E-commerce, Electronic Transactions

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1. INTRODUCTION

Advertising is "a unit of work for introducing and selling products to mass media buyers," according to one definition. Historically, advertising has been disseminated through more traditional media channels, such as radio, television, film, print, and outdoor advertising. However, with the emergence of digital infrastructures such as the Internet, new types of marketing have emerged to facilitate interactions between consumers and businesses in a social network (Shareef et al., 2019). As a result of this new medium and its evolution, consumers are now more engaged in conversations between merchants and customers than ever before.

Online shopping is becoming more popular as the number of people with access to the Internet increases. However, misleading or deceptive advertising is a big problem that arises from internet shopping. It cannot be denied that the influence of the Internet is getting bigger on what people buy. This is due to advertisements that appear to be one of the factors that attract consumers to a product (Kuswanto et al., 2020). One of the biggest problems with buying anything online is the prevalence of false or misleading information and marketing. It's much easier to pretend to be real online than it is in the real world, making it ideal for underhanded and misleading tactics. In fact, there is concern about consumers being exposed to various potentially deceptive advertisements on the Internet because of skyrocketing online advertising and the ability of marketers to change online advertising content on the fly. The law is faced with several problems in terms of the extent of consumer protection due to the novelty of online advertising and marketing regulations. This is due to the fact that transferring consumer protection regulations imposed for more traditional forms of advertising to the internet is fraught with difficulties and legal gray areas. A severe legislative restriction of unethical actions is, on the one hand, what customers are calling for. However, providers and company owners thought a kinder strategy was necessary, one that relied on voluntary rules of conduct (Cheong, 2019). This article looks at how Indonesian consumers are harmed by the legal system's lack of clarity in this area.

The relationship between economic growth and advances in information technology and the complexity of legal concerns in Indonesia. New judicial procedures involving information technology have emerged as a result of the rapid pace at which developments in information technology have led to socio-economic and cultural shifts. People's lives have been impacted by developments in information technology, such as the convenience of online shopping. Therefore, it is imperative that online commercial transactions adhere to legal requirements to protect the rights and responsibilities of all parties involved. In particular, with regards to consumer protection laws that guarantee

data privacy in the expansion of online commercial activity.

In the event of commercial fraud, online commerce becomes a legal issue. The conditions for legal agreements are laid forth in Article 1320 of the Indonesia Civil Code, which include agreements, qualifications, specific matters, and lawfull. The contract becomes valid and binding on the parties if and only if the following four conditions are met: Finding the appropriate identity on the Internet can be difficult, which could pose a problem if a youngster is involved in online trading due to the professional competence requirement of the agreement in Article 1320 BW. Consumer fraud in online purchases is a common problem that arises in addition to other forms of legal trouble. The Purchaser shall pay to the Vendor the Purchase Price for the Goods in accordance with the terms agreed upon between the Parties with respect to the Sale of Goods. But frequently, mass-market items fall short of consumer expectations or the advertised description.

Users and customers need to be protected against the numerous scams that may be perpetrated online. According to Article 2 of Law Number 8 of 1999 on Consumer Protection, the purpose of consumer protection is to provide security for benefits, justice and safety, and legal certainty for consumers when consuming or using products or services. To find answers or closure to the issues raised, it is necessary to examine the legal safeguards afforded to internet shoppers.

2. LITERATURE REVIEW

(Caudill & Murphy, 2000) suggest ethical criteria for dealing with online privacy, including fostering more communication between businesses and governments, implementing and enforcing stricter privacy regulations, and placing more of a focus on protecting personal information when conducting business online. Regarding consumers' right to privacy in online transactions, they advocate for the integration of corporate, ethical, and public policy principles.

(Shi & Liao, 2017) hypothesized mediating role of customer confidence clarifies the connection between consumer trust and engagement in e-commerce. Customer happiness and confidence in intermediaries, as well as customers' perceptions of the product's efficacy and collateral structure, are all impacted by online consumer reviews (OCR).

Legal activities that take place via computer networks and other electronic media are called "electronic transactions." Consumer Protection Law Number 8 of 1999, and Information and Electronic Transaction Law Number 11 of 2008 (ITE), establish the same rules for establishing a trade agreement in electronic transactions as for trading in

general. A valid and binding agreement between two parties is one that satisfies the requirements of Article 1338 of the Civil code. However, in practice, the parties' rights and responsibilities are not being carried out in a way that is consistent with the promises made (Doktoralina et al., 2018).

Online means engaging in cybersemantics (reading, writing, and communicating) over the Internet. Issues of identity theft and privacy, as well as arbitration and class action lawsuits in response to debt buildup and reckless business practices, spark heated discussions about consumer law and public policy. Despite rapid technological development and widespread societal upheaval, traditional legal frameworks for analyzing consumer transactions have not caught up with the times (Bradley, 2019).

Since e-commerce disputes are rarely brought before a public court, ODR is the primary method for settling them. Legal transactions conducted online utilizing blockchain technology may require the development of new infrastructure. To provide a more tangible, programmable illustration of smart contract logic (Koulu, 2016).

The regulation of Consumer Protection Law are implied by the present movement in consumer behavior from purchasing 'products' to purchasing smart goods. The author explains why it's crucial for consumer law to play a role in protecting consumers' rights when it comes to profiling and targeting on the Internet, as well as maintaining a level playing field for advertisers, insurers, retailers, and other stakeholders.

The growth of techno-managerial innovation is an outcome of e-commerce policy. Techno-managerial innovation may have far-reaching dissemination and transformative influence, but only if businesses adapt to it, learn from it, and find themselves in an enabling context. Competition from outside, liberalization of trade, and widespread access to the internet are all examples of global dynamics that might hasten the rise of electronic commerce. Governance, education, and infrastructure concerns will all have an impact on the rate of national adoption (Hanna, 2016), with repercussions for both businesses and nations.

Self-regulation can effectively provide legal protections and customer confidence in online purchases. In industrialized nations like the United States and the European Union, a hybrid approach of self-regulation and law has been successfully implemented (Barkatullah, 2018).

2.1. Safeguarding Consumer Interests in Electronic Commerce

When conducting business online, consumers are more vulnerable than sellers or businesses. Also known as customers' rights, these are more vulnerable in online purchases because of how e-commerce works, specifically the fact that the buyer and

vendor never really see one another, which can lead to a host of issues. ⁹ The Consumer Protection Law and the Information Technology and Electronic Transactions Law provide customers with legal protections while making purchases online. To safeguard customers in Indonesia, the government enacted the Consumer Protection Law, while the ITE Law protects those who shop online (Ariansyah et al., 2021). The following explanation will elucidate the issues that arise from e-commerce transactions, as described above.

2.2. Safeguarding Personal Information for Customers ⁸

The right to ⁶ privacy is the right of an individual, organization, or institution to exercise control over the dissemination of information about itself (Makarim, 2005). While privacy concerns have not been widely voiced in Indonesia, they do exist. However, in other nations, ⁶ privacy is seen as a fundamental human right. The concept of privacy encompasses more than just the right to keep one's business or personal affairs to oneself; it also includes freedom from intrusion, autonomy, and solitude, as well as the ability to manage how one's personal details are shared with others. When things go wrong in the world of e-commerce, it's usually because someone has committed some sort of offense involving the misuse of information they've obtained about their organization's members or the customers of a business.

2.3. Online registration

In order to make purchases or use all of a site's features, registration is typically required on shopping and marketplace sites. A website's registration form typically asks for the user's name, email address, physical address, city of residence, username, password, gender, date of birth, income, and employment. Some websites even ask for credit card details to complete a purchase.

Customers and website visitors will not be able to use all of its features to the fullest if the conditions stated above are not met. The difficulty is that consumers are often unaware of what is happening to the information they provide to businesses, including highly sensitive data such as names, addresses, and credit card numbers. The accumulated information provided can usually be ² used by online entities for advertising purposes and on social media platforms so that they can adapt web application sites to user needs (Kruikemeier et al., 2020).

E-commerce sites that gather customer information should be required by ITE law to disclose their data-gathering practices. The ITE Law's Article 26 offers sufficient legal protection for personal data, and the definition and scope of personal data adopted are both broad and protective, allowing those who have suffered harm as a result of improper use of their data to sue for damages. The usage of cookies, the specifics of

personal data gathered, and security for highly sensitive information like credit card numbers are all standard features of every e-commerce website's privacy policy. Many e-commerce sites, including rakitan.com, indo-lcd.com, and others, fail to include a privacy statement on their homepages, despite the fact that doing so would demonstrate to potential customers and consumers that the site cares about protecting the privacy of their personal information.

2.4. Types of online advertising:

Advertisers may now reach millions of potential customers instantly, all over the world, thanks to the proliferation of online advertising. Consumers' search, selection, sharing, and evaluation of information, as well as their evaluation of advertisements, have all been impacted by the proliferation of online social media platforms throughout the world. With so much data on its users, social networks can better tailor their content to certain demographics than any other website. Direct display advertisements placed on social media platforms like Facebook, Instagram, Twitter, and YouTube allow consumers and prospects to have two-way conversations with a company representative or with their friends about the business. Modern customers often rely on the recommendations of their fellow consumers, therefore reviews or testimonials posted by users on social media platforms are also a type of social media advertising. In example, "online reviews are another form of consumer information that is playing an increasingly important role in both online and consumer markets, helping shape consumers' product knowledge and purchasing decisions."

Marketers today use a wide variety of internet advertising strategies to get their products and services in front of consumers. How someone interprets an internet ad is a big factor in whether or not they are influenced to make a purchase. However, as a result of increased competition, company owners are under more pressure than ever to act aggressively, leading to an increase in online marketing that are both confusing and deceptive to consumers.

12 3. RESULTS AND DISCUSSION

11 3.1. The Indonesian Legal Framework for Electronic Commerce:

The Ministry of Communication and Information Technology (KEMKOMINFO) is responsible for enforcing consumer protection laws regarding online purchases in Indonesia. Following the guidelines laid out in ITE Law and Government Regulation No. 82 of 2012 on System Operation and Electronic Transactions (PP PSTE). "This law has jurisdiction that applies to every person who commits legal acts as regulated in this Act, both within the territory of Indonesia and outside the jurisdiction of Indonesia,

which have legal consequences in the jurisdiction of Indonesia or outside the jurisdiction of Indonesia and harm the interests of Indonesia".

Consumers who suffer losses because the products they bought online do not meet the specifications described in the online media or the terms of the agreement can apply again based on Article 28 paragraph (1) of the ITE Law, which is reflected in the PP PSTE. The public is still waiting for the government to ratify the Draft of Government Regulation on Electronic Commerce, which would provide safeguards for consumer online shoppers. The draft of Government Regulation PMSE RPP is a more in-depth version of the ITE Law and PP PSTE, as stated by the Ministry of Communication and Information. In Chapter VII, Article 28: "Everyone prohibited intentionally, and without the right to spread false and misleading news that results in consumer losses in Electronic Transactions" and in Article 45: "Those who violate may be sentenced to a maximum sentence of imprisonment of six years and or a maximum fine of Rp 1 billion," there are a number of things that are not allowed to be done when conducting electronic transactions.

Several agencies in Indonesia are responsible for upholding the law in situations of fraud or infringement involving electronic transactions. The Ministry of Communication and Information, for example, employs Civil Servant Investigators to help with criminal cases involving Information Technology and Electronics (ITE) via its Directorate General of Informatics Application. Unit IV Cybercrime and the Directorate of Special Criminal Investigation are two branches of the National Police of the Republic of Indonesia. The Indonesia Computer Emergency Response Team (ID-CERT) was the first online community to respond to cyber attacks in 1998. The Indonesian government has set up the Indonesia Security Incident Response Team on Internet Infrastructure or Coordination Center (ID-SIRTII/CC) to better deal with online security incidents. Finally, Indonesian Business Executives the ITE Law and Government Regulation 82, which govern electronic transactions in more detail, serve as a code of behavior for e-commerce. The UNCITRAL Model Law on eCommerce (UNCITRAL, 1999) and the UNCITRAL Model Law on eSignature (UNCITRAL, 2011) are two examples of international instruments that may be consulted for the country's own arrangements (Askarov & Ishbulatov, 2022).

3.2. Lighter measures to curb false or misleading advertising

Educating and warning customers of known frauds, hazards, and unlawful schemes and offering tools to the public so that they may adjust their online behavior are the primary means of soft intervention to avoid misleading and deceptive advertising. Consumers who are more educated are less likely to suffer from violations of consumer

law. Hard laws are unnecessary if such deals can be avoided in the first place. The end result is reduced customer worry, time, and money spent. An educated audience would make it less likely that people will fall for misleading and deceptive advertising online, but it would not eliminate the problem altogether. This is predicated on the assumption that these "businesses" would have to stop engaging in fraudulent activities if they were unable to generate revenue via more conventional means. These soft types of intervention are not as obvious as hard rules, but when used extensively, they are widespread and, perhaps, more successful than hard restrictions.

This strategy of informing and educating the public has been shown to be 'very successful' in combating other unethical corporate activities, such as fraud. Since 2001, National Consumer Protection Agency (BPKN) started a campaign for consumer protection to educate the public on how to avoid being a victim of fraud. The majority of its preventive tactics included home-based programs that regular people might use to adjust how they handled sensitive data and interacted with others online. The government coordinated with private companies and non-governmental organizations (NGOs), an approach that proved so successful that it was used for future campaigns.

The BPKN regularly update their consumer complaint statistics to inform customers of the latest scam techniques and companies behind them. These efforts do a lot to protect online shoppers against fraud, but more can be done to get the word out so that people utilize these tools before they need them. The use of up-to-date and powerful antivirus software is another precautionary action that may help consumers in their online activities, as this software can identify websites with questionable credentials.

3.3. Innocent misrepresentation:

An innocent misrepresentation is a false statement of fact made without malice or deception and without the speaker being aware that they have done so. It may also result from the concealment of information. Innocent misrepresentations often had no legal recourse under common law. If it could be shown that the representation was a term of the contract, then the common law remedies of damages (for a breach of a guarantee) and termination and/or damages (for a violation of a condition) would apply. On the other hand, one may claim that the parties simply misunderstood the contract's essential terms. In all other cases, however, redress would have to be sought via the courts of equity. This would provide grounds for a consumer to seek equitable relief by rescinding the contract. This would typically include sending back any internet purchases for a refund.

3.4. Inequitable risk allocation:

Disproportionate exposure to risk during online purchases, particularly during financial transactions. It is common practice for companies to require full payment (by credit card or bank transfer) before they complete a customer's order. It's risky since it might lead to customers waiting longer than expected for their items to arrive, to things that don't match their specifications, or to goods that never make it to them at all. The standard risk allocation clause is meant to protect companies against irresponsible customers, but it may also hurt customers by guaranteeing that their purchases will be fulfilled only when they have paid in full.

The Indonesian General Dictionary (Poerwadarminta, 1976) defines "authentic" as "trustworthy, genuine, or legitimate," hence the two terms are interchangeable. The legality of the agreements signed in an electronic marketplace raises serious questions about the veracity of the legislation governing these transactions.

4. CONCLUSIONS

This article has shown that the present legal safeguards for ²online consumers are those that have emerged in connection with conventional forms of trade, and that these laws do not yet meet the different quirks of online deceptive advertising. Therefore, policymakers are faced with the dilemma of how to implement more adaptive laws on internet advertising. Smart regulation, as advocated for by Cunningham and Grabosky, would take a more comprehensive approach by using preventative measures, including education and sanctions. A broader base of control would result rather than a challenge to the state's formal regulatory authority under such an approach. It has been argued that enterprises and consumers may provide such grounds of control in the internet consumer market via their use of informal regulatory authority. By proposing an "alliance approach," Malbon expands on the strategy hinted at by Cunningham and Grabosky. The key to success in this strategy is identifying sources of influence that can be mobilized to achieve public policy goals. Companies that engage in dishonest and deceptive practices would have the upper hand in any conflict arising from such actions. The findings of this study's discussion suggest that trade ¹law enforcement and complaints for online transactions in Indonesia have been governed solely by electronic means. Furthermore, consumers in these situations often do not pursue legal action because they are unaware of their rights under the law to be protected from financial loss or online fraud. Business is a bright spot since it helps drive global economic growth. Therefore, good management is required, and it can only be achieved via measures that boost the quality

of human resources and, by extension, the economy. To rephrase, the quality of Indonesia's human resources determines whether or not the country's electronic information and transactions benefit from the highest level of legal protection possible.

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