

Implications Emergence Platform Tiktok Shop Against Regulations Trade in Indonesia (Analysis of Minister of Trade Regulation No.31 of 2023)

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Abstract

The rapid development of technology has significantly impacted various aspects of human life, one of which is TikTok Shop, a social trading platform in Indonesia that has triggered legal issues and disrupted the e-commerce landscape. This research explores the analysis of Permendag No. 31 of 2023 concerning trade regulations in Indonesia. The method used in this study is a qualitative research method that analyzes the regulations issued by the Minister of Trade, alongside several journals that form the basis of the research. The data in this research article identifies the main legal issues contributing to the platform, including legal protection provided to MSMEs, taxation issues, and the regulations of the Minister of Trade. The results of this research indicate that electronic commerce business actors intending to provide services using an electronic system must register and apply for a commercial transaction permit via the electronic system. One of the government's primary objectives in requiring e-commerce players to register with the electronic system is to protect all stakeholders, including economic actors and consumers. The TikTok Shop feature is one of the reasons the Minister of Trade issued this regulation, as it does not yet have official permission to operate as an e-commerce platform. By complying with existing regulations, the business community can take advantage of the opportunities offered by the e-commerce ecosystem and contribute to building a fair and legal digital business environment.

Keywords

tiktok shop; Permendagri no.31 of 2023; trade regulations

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1. INTRODUCTION

The existence of regulations in the form of laws is a natural means of social control. This applies in the economic field, especially regarding electronic systems used by many parties (Damayanti et al., 2023), one of which is TikTok Shop. TikTok Shop has become a popular platform for business people and entrepreneurs to market and sell their products directly to platform users. However, the platform has also been the subject of controversy and legal scrutiny. Some of the legal problems identified include dishonesty by business actors regarding the products they sell, discrepancies between the products



ordered and those received by consumers, consumers' lack of understanding regarding the details of the products purchased, giving rise to misunderstandings between consumers and business actors, and a complaint process for returning goods that is not easy. Moreover, it requires quite a long time. Apart from these problems, TikTok Shop has excellent potential in the e-commerce sector, including the marketing industry and online shopping media in the form of short videos.

Regulation of the Minister of Trade Number 31 of 2023 concerning Business Licensing, Advertising, Guidance, and Supervision of Business Actors in Trading via Electronic Systems is a revision of the Minister of Trade Number 50 of 2020 concerning Trading via Electronic Systems. This revision was carried out to adapt to market dynamics and evolving technology and to provide better protection for consumers and business actors (Damayanti et al., 2023).

Minister of Trade Regulation No. 31 of 2023 introduces new provisions and improves several aspects regulated in the previous regulation. In terms of business licensing, Minister of Trade Regulation no. 31 of 2023 develops licensing provisions in more detail, including technical and administrative requirements that must be fulfilled by business actors, as well as more transparent and structured licensing application procedures. This differs from Minister of Trade Regulation No. 50 of 2020, which only contains introductory provisions regarding licensing for e-commerce business actors. (Judge, 2023).

In the advertising aspect, Minister of Trade Regulation No. 31 of 2023 tightens regulations with mandatory advertising transparency, prohibitions on misleading advertising, and provisions on content that can be advertised. This is an improvement on the previous regulations, which only provided general guidance on advertising in e-commerce. Guidance and supervision are regulated more clearly in Minister of Trade Regulation No. 31 of 2023, including government responsibility and sanctions for regulatory violators. Minister of Trade Regulation No. 50 of 2020 only regulates general guidance and supervision without detailed implementation mechanisms. This new regulation clarifies guidance and supervision mechanisms, providing a more concrete framework for law enforcement. Regarding law enforcement, Minister of Trade Regulation No. 31 of 2023 improves the law enforcement framework by clarifying investigation procedures, the role of supervisory authorities, and the types of sanctions that can be imposed (Fajarlie, 2023). This provides a more substantial basis for the government to take action against violations and ensure business actors' compliance with regulations.

Apart from social commerce, the government has also added several points of regulations for e-commerce platforms regarding buying and selling goods from abroad, which include Provisions regarding positive lists or lists of goods from abroad that are allowed to enter Indonesia directly through e-commerce platforms that facilitate cross-border trade. The obligation for traders and e-commerce platforms to display and trade proof of compliance with standardization of goods includes (a) goods

registration number/Indonesian national standard certificate/other technical requirements for goods and/or services to which the Indonesian National Standard has been applied; (b) halal certificate number for goods and/or services that must be halal certified; (c) security, safety, health and environmental goods registration number for the required goods; and (d) permit number, registration number or certificate number for cosmetic, drug and food products. Banning social media to facilitate transactions and payments like e-commerce has pros and cons. The government claims that this prohibition can protect domestic business actors. Following Minister of Trade Regulation No. 31 of 2023 issuance, the government stated that it would guide business actors to encourage competitiveness through MSME training and synergy for all related parties. (Anestia, 2023)

The impact of e-commerce on the Indonesian economy is very significant, with the country experiencing unprecedented growth in this sector. The increasing popularity of non-cash transactions drives the growth of e-commerce in Indonesia, the country's growing middle class, and a young, tech-savvy population that has embraced online shopping. The digital economy, primarily e-commerce, has significantly contributed to Indonesia's Gross Domestic Product (GDP) (Sulistiani et al., 2023). The growth of e-commerce in Indonesia is expected to open up new business opportunities for the younger generation, especially in the industrial era 4.0 in the future. TikTok Shop, a venture of the popular social media application TikTok, initially enjoyed tremendous success, uniquely facilitating business and customer engagement.

The development of e-commerce platforms in Indonesia has been accompanied by increased government and regulatory supervision in recent years. This is partly due to the rapid evolution of these platforms and the accompanying challenges in taxation, consumer protection, intellectual property rights, and data security. The TikTok Shop case is an interesting example of these issues coming to the surface.

This research aims to discuss the legal implications and consequences of the existence of the TikTok Shop on broader trade regulations in Indonesia. With the increasing popularity of the TikTok Shop platform as a new form of e-commerce, this research will explore the short-term and long-term impacts for various stakeholders, including e-commerce companies, individual sellers, and consumers, as well as the applicable legal and regulatory framework. First, this research will analyze the legal and regulatory framework that regulates e-commerce in Indonesia. This includes the Trade Law, specific digital platform regulations, and consumer and personal data protection. This research will assess the extent to which existing regulations can accommodate the business model brought by TikTok Shop. Next, this research will evaluate the impact of the presence of TikTok Shop on other e-commerce companies.

The research will also examine the impact of individual sellers using TikTok Shop. Aspects that will be studied include the market access provided by TikTok Shop and the challenges faced by individual sellers in complying with existing regulations. The impact on consumers will be the next focus, looking at how TikTok Shop affects consumers' shopping experience, level of trust, and security in transactions on the platform. This research will also examine how these changes affect consumer shopping behavior. Finally, research will differentiate the short-term and long-term impacts of the presence of the TikTok Shop. Short-term impacts include changes in shopping behavior and market trends immediately following the launch of TikTok Shop, while long-term impacts include predicted changes in e-commerce regulations and adaptation by other stakeholders. By examining these aspects, this research aims to provide a comprehensive picture of the legal implications and consequences of the presence of TikTok Shop in Indonesia, as well as recommendations for policymakers, industry players, and the public.

2. METHOD

2.1. Types of Research in

This research is a type of library research (Library Research). namely by researching written sources, and this research is qualitative. This research uses library research methods because it allows it to access and analyze documented information in depth. This research is carried out by reviewing documents or written sources such as journals, articles, books, magazines, etc.

The main advantages of the library research method in this research are as follows:

- a. Depth of Analysis: This makes it possible to analyze the trade regulations and implications of TikTok Shop by considering multiple perspectives from diverse and trusted sources.
- b. Use of Diverse Sources: Leveraging existing literature allows the research to include case studies, theoretical approaches, and cross-country comparisons that can enrich the understanding of the e-commerce context in Indonesia.
- c. Relevance to Policy: The results of the literature research can provide solid recommendations for policymakers based on a deep understanding of existing regulations and their impact on the e-commerce ecosystem in Indonesia.

2.2. Data source

The data sources used in this research are secondary sources, namely journals, several laws, and Ministerial regulations. What is meant by secondary data is data obtained through other parties, not directly obtained by researchers from their research subjects. This data was obtained from relevant literature from journals accredited by Sinta or related directly or indirectly, which discusses the

implications of TikTok shops for trade regulations in Indonesia by analyzing Permendagri No. 31 of 2023.

2.3. Data analysis methods

To analyze the data collected, the author will use a descriptive analysis method, namely a way of writing that prioritizes observations of symptoms, events, and actual conditions in the present. This Journal analyzes the implications of TikTok shops for trade regulations in Indonesia by analyzing Permendagri No. 31 of 2023.

Based on this, this method can analyze topics that are difficult to measure numerically. However, this method only briefly overviews the current situation and cannot establish causal relationships. The application of this method is to describe the facts; in the initial stage, it is focused on trying to convey the symptoms completely in the aspects studied so that the situation or conditions are clear, namely the implications of TikTok Shop for trade regulations in Indonesia by analyzing Permendagri No. 31 of the year. 2023.

3. FINDINGS AND DISCUSSION

3.1. The presence of the Tiktok Shop in Electronic Commerce in Indonesia

Initially, TikTok was only used as a social media application oriented towards short video platforms. However, gradually TikTok is developing with other features, one of which is the TikTok Shop. Many people are interested in the TikTok Shop because there are various promotions, and the goods are interesting because they are packaged with creative photos or videos. Apart from that, TikTok Shop provides a live shopping feature where in this feature traders and consumers can interact directly via live-streaming video. With the live streaming feature, consumers can see the product in detail because consumers can also use the comments feature as an intermediary to ask about the size, type of material used in the product, and so on. TikTok Shop influences the way consumers find and buy products (Manullang & Yahfizham, 2024). Short, engaging videos and creator content can influence purchasing decisions more than other social media platforms. Consumers tend to be more interested in products recommended by figures or creators they follow on TikTok. Products that are promoted effectively on TikTok can experience a significant spike in sales in a short period. This is due to the virality of the content and the ability to immediately purchase the products shown in the video (Priyono & Sari, 2023).

TikTok Shop, introduced as an extension of the popular social media application TikTok, breaks the norms of traditional e-commerce. This allows businesses to capitalize on the platform's user base by showcasing their products through engaging user-generated videos. The simplicity and creativity of TikTok Shop give small and large businesses a new way to reach potential customers. This platform

provides easier access for business actors to connect with a broader audience, especially the younger generation who are active on TikTok (Nadia et al., 2023). This phenomenon causes a surge in sellers and buyers on this platform, effectively combining social media and e-commerce.

However, the emergence of TikTok Shop is also accompanied by unique challenges (Batoebara et al., 2020). This includes concerns about data privacy, taxation challenges, trade regulations, and trade law. For example, ensuring the safety and authenticity of products and safeguarding the rights of sellers and buyers on TikTok Shop is a complex task. Apart from that, the impact of TikTok Shop on traditional retailers and e-commerce competitors is also a matter of debate.

3.2. Minister of Trade Regulation No.31 of 2023 concerning Business Licensing, Advertising, Guidance, and Supervision of Business Actors in Trading via Electronic Systems

This Minister of Trade Regulation regulates Business Licensing, Advertising, Guidance, and Supervision of Business Actors in Trading via Electronic Systems by setting limits on the terms used in its regulation (Dedon, 2023). Trading via Electronic Systems (PMSE) is transactions carried out through a series of electronic devices and procedures. A business Actor is any individual or business entity in the form of a legal entity or non-legal entity which can be a domestic business actor or a business actor domiciled abroad and carrying out business activities in the PMSE sector. Business Actors consist of Domestic Business Actors and Foreign Business Actors.

Article 20 of Permendag no.31 of 2023 explains that every cross-border PMSE must comply with the provisions of the laws and regulations governing exports or imports and laws and regulations in the field of information and electronic transactions. Business Actors must have a Business License to carry out business activities in the Trade sector following the provisions of laws and regulations regarding implementing risk-based Business Licensing. (Permendag, 2023) In Article 15 of Minister of Trade No. 31 of 2023, it is stated that the issuance of business permits in the PMSE sector is free of charge (Yadi et al., 2023)

The government issued Minister of Trade Regulation (Permendag) Number 31 of 2023 as a revision of Minister of Trade Regulation Number 50 of 2020 concerning Provisions for Business Licensing, Advertising, Guidance and Supervision of Business Actors in Trading Through Electronic Systems on September 26, 2023. This revision regulates the prohibition of social commerce, such as TikTok Shop and other requirements.

Essential points of Minister of Trade Regulation 31/2023:

1. Clarify the definition of the business model of Trade Organizers through Electronic Systems such as Lokapasar (Marketplace) and Social Commerce to facilitate guidance and supervision.

2. Establish a ban on selling imported goods in the marketplace with a minimum price of US\$ 100 per unit. This prohibition applies to direct sales by traders to Indonesia via cross-border e-commerce platforms.
3. The government provides a positive list of goods from abroad that can be sold directly or cross-border into Indonesia via e-commerce platforms.
4. Establish special conditions for foreign traders in the domestic marketplace. These requirements include submitting proof of business legality from the country of origin, compliance with standards (mandatory SNI), and halal, including Indonesian language labels on products from abroad, and the origin of the goods sent.
5. Prohibits marketplaces and social commerce from acting as producers. So that the marketplace becomes a healthy trading platform for every business actor.
6. Prohibits data control by PPMSE and affiliates.
7. Requires PPMSE to ensure no abuse of control over its users' data for use by PPMSE or its affiliated companies.

In Permendag 31/2023, six principal regulations differentiate it from Permendag 50/2020, namely,

1. Defining the business model for Electronic Trading Organizers (PPMSE), such as marketplaces or marketplaces and social commerce, to facilitate guidance and supervision (Anggriana, 2023).
2. Establishment of a minimum price of 100 US dollars per unit for finished goods from overseas which are directly sold by traders to Indonesia via cross-border e-commerce platforms.
3. A Positive List is provided: a list of goods from abroad that are allowed to cross-border "directly" into Indonesia via an electronic trading platform.
4. Establish special requirements for foreign traders in domestic markets, namely submitting proof of legality of business from the country of origin, compliance with standards (mandatory SNI) and halal, including Indonesian language labels on products originating abroad, and origin of delivery of goods.
5. There is a prohibition on marketplaces and social commerce from acting as producers.
6. Prohibition of data control by PPMSE and affiliates. PPMSE must ensure that its user data is not misused for use by PPMSE or its affiliated companies.

The government wants to regulate the transaction structure by separating TikTok as social media and TikTok as e-commerce. This means that if TikTok still wants to do buying and selling business, TikTok must create a new entity company in the form of e-commerce. Article 21, paragraph (2) of Trade Regulation No. 31 of 2023 explains that PPMSE with a marketplace and/or Social-Commerce business model are prohibited from acting as producers following the provisions of laws and regulations in the distribution of goods. Moreover, article (3) of Trade Regulation No. 31 of 2023 explains that PPMSE,

with a Social-Commerce business model, is prohibited from facilitating payment transactions on its electronic system (Kholifatul & Budi, 2024).

Since the enactment of Regulation of the Minister of Trade, Number 31 of 2023 concerning Business Licensing, Advertising, Guidance, and Supervision of Business Actors in Trading Through Electronic Systems as a revision of Regulation of the Minister of Trade Number 50 of 2020 concerning Provisions for Business Licensing, Advertising, Guidance and Supervision of Business Actors in Trading Through This electronic system has reaped pros and cons among the public. These pro groups are business actors who market their products not in a digital scope but in a scope that can be visited directly (offline), as well as MSME business actors who are affected by the existence of the TikTok Shop (Sari et al., 2022). Minister of Trade Regulation Number 31 of 2023 regulates that social-commerce platforms are prohibited from providing payment transactions and these platforms will only facilitate the promotion of goods or services. The opposing groups are business actors who conduct their business on the TikTok Shop platform, earning income by making transactions on the TikTok Shop. The existence of Minister of Trade Regulation Number 31 of 2023 will threaten the existence of their sales.

3.3. The impact of the emergence of the TikTok shop and Permendagri No. 31 of 2023 on trade in Indonesia

From several articles and journals that have been analyzed, there are several impacts or implications arising from the existence of TikTok shops as well as the pros and cons of the ratification of Trade Regulation No. 31 of 2023 concerning Business Licensing, Advertising, Guidance and Supervision of Business Actors in Trading via Electronic Systems.

Financial Consequences: Some business people reported significant financial losses after the platform's presence, and there were also those who reported profits after the platform's presence. Many offline sellers complain of declining sales, and some businesses have difficulty adapting to alternative e-commerce platforms (Nathania & Imron, 2023). Business people who use TikTok Shop experience an increase in sales. This financial turmoil, in turn, has implications for their overall legal and operational health (Syukri & Sunrawali, 2022). Some of these impacts include:

1. **Increased Sales:** Businesses can reach more potential customers through promotions and campaigns conducted on TikTok, which can significantly increase sales.
2. **Increased Brand Awareness:** Through creative and viral content, businesses can build strong brand awareness among TikTok users, which can help in the long run to increase customer loyalty.
3. **Opinion and Reputation Changes:** Due to the viral nature of the platform, public opinion about brands and products can change quickly. This can be good or bad, depending on how businesses manage their interactions and responses to TikTok users.

4. **Benefits of Shopping Features:** New features such as shopping directly from video (shoppable content) allow businesses to increase conversions more directly and intuitively.
5. **Collaboration Opportunities:** Businesses can benefit from collaborating with TikTok influencers to reach a wider audience and expand their marketing reach.
6. **Better Performance Measurement:** The platform provides measurement and analytics tools that enable businesses to track campaign performance better, understand user behavior, and adjust their strategies as needed.

Overall, TikTok Shop provides an excellent opportunity for businesses to grow and expand their financial impact, but also demands a marketing strategy that is smart and responsive to the platform's rapidly changing dynamics (Nasution & Elihami, 2022)

Legal Disputes: Many businesses report being involved in legal disputes stemming from taxation and consumer protection issues. These disputes consume valuable resources and have broader implications for the legal and regulatory landscape (Muslim et al., 2023). Legal disputes that arise in the TikTok Shop can vary, but some of the most common types of disputes include:

- a) **Copyright Infringement** This often occurs when a user or business uploads content that infringes someone else's copyright, such as a song or video, without permission. The implications could be lawsuits and requests for content removal (Jaman et al., 2021).
- b) **Trademark Infringement:** When a user or business uses someone else's trademark without permission, this can lead to legal disputes regarding the use of the brand and lawsuits for trademark misuse.
- c) **Privacy Breach:** Situations where a user's data is misused or disclosed without permission can lead to legal disputes related to privacy. The implications could be demands for compensation and the need to change the privacy policy.
- d) **Loss or Damage to Products:** If products sold through the TikTok Shop are damaged or lost during shipping, this could cause a dispute between the seller, buyer, and delivery party regarding responsibility and compensation.
- e) **Contract Disputes:** Disputes related to disagreements or breaches of contract between businesses, influencers, or other parties involved in collaborations or marketing campaigns on TikTok Shop.

The implications for parties involved in these legal disputes can vary widely, including high legal costs, impacted reputations, and possible claims for damages or orders to stop certain activities. It is essential for businesses and TikTok Shop users to understand these risks and take appropriate preventative steps, such as complying with platform rules and ensuring legal compliance in all their interactions and transactions (Nor & Annuar, 2023).

Business Adaptation: The ability of businesses to adapt to TikTok Shop varies greatly. Some businesses have successfully switched to these e-commerce platforms, while others have found it difficult to regain the activity level before the emergence of TikTok shops (Rahmawati et al., 2023). The adaptability and resilience of businesses play a critical role in determining their legal and financial fate.

New regulations in the context of TikTok Shop or social media platforms, in general, can influence business adaptation in a significant way (Firmansyah & Muntaha, 2024). Here are some details on how these new regulations may impact business strategy, as well as the challenges they may face:

1. **Strict Data Use** Stricter data privacy regulations could affect how businesses collect, store, and use user data. Businesses must ensure compliance with these regulations to avoid sanctions and maintain customer trust.
2. **Permitted and Unallowed Content** New regulations may limit the type of content that can be uploaded or promoted on the platform. This can force businesses to adapt their content strategy to comply with regulations, affecting how they interact with their audience.
3. **Trademark Regulations** Stricter regulations regarding trademarks may force businesses to be more careful about using brand names or logos in their marketing campaigns. This can influence branding and promotional strategies.
4. **Security and Consumer Protection:** Stricter regulations regarding the safety of products or services sold online may require businesses to comply with specific standards or obtain appropriate certification before operating legally.

In facing new regulations, the strategy used in facing new regulations is strict compliance. Businesses that identify and comply with regulations quickly and efficiently will have a competitive advantage. This includes updating privacy policies, ensuring data transparency, and complying with legal requirements (Purwandani et al., 2023). Then, there is Product and Service innovation. Adapting products or services to meet or exceed regulatory standards can help businesses comply with the law and improve their reputation and consumer trust. Lastly, Employee Education and Training, Educating employees about new regulations and developing appropriate internal policies can help reduce the risk of legal violations and strengthen company compliance.

The existence of this new regulation requires an in-depth judicial review regarding its usefulness for the benefit of the Indonesian people. The reason is that this regulation requires more adaptation, and many parties feel disadvantaged. Regulations deemed to have appropriate indicators of usefulness and are implemented in the broader community can be declared victorious. There needs to be special attention from the community as supervisors of making regulations in Indonesia so that there is no mismatch between regulations and the culture and regulations previously in force in Indonesia.

The new legal implementation of Minister of Trade Regulation No. 31 of 2023 is a dynamic change or update to Minister of Trade Regulation Number 50 of 2020, where the Minister of Trade Regulation has been revoked with new legal provisions deemed to be in line with technological advances. This regulation aims to create a fair electronic trading system in line with significant and dynamic technological improvements.

Minister of Trade Regulation No. 31 of 2023 (Permendag 31/2023) has become Indonesia's focal point in electronic trading regulations. With the enactment of this regulation, various aspects of trading via digital platforms are now more strictly regulated (Zahra & Muhammad, 2023). The main aim is to increase consumer protection in online transactions and ensure security and openness in digital business (Irsan et al., 2023). From a legal perspective, Minister of Trade Regulation 31/2023 regulates various obligations for business actors, including providing clear product information, protecting consumer data, and transaction procedures that must be complied with. This requires the government to tighten supervision and law enforcement to implement this regulation effectively.

Social implications: This regulation positively impacts increasing consumer confidence in online transactions. With more structured provisions, consumers feel safer and more confident in making digital purchases because there is a guarantee of protection for their rights. However, implementing Minister of Trade Regulation 31/2023 also faces challenges (Husnulwati et al., 2024). For businesses, especially small-scale ones, complying with all regulatory requirements can be an additional burden that requires significant resources and costs. A deep understanding of these regulations and adequate education for all parties involved are the keys to success in facing this challenge (Eri Yanti, 2020).

Thus, the judicial review of Minister of Trade Regulation 31/2023 shows the Indonesian government's severe efforts in regulating and developing a sustainable e-commerce ecosystem, which is expected to benefit the digital economy and society significantly.

With the implementation of Minister of Trade Regulation No. 31 of 2023 (Permendag 31/2023), there has been a significant shift in electronic commerce regulations in Indonesia, affecting the culture and regulatory framework that previously existed. Before the Minister of Trade Regulation 31/2023, Indonesia already had several regulations related to e-commerce. However, this legal framework may not have been comprehensive enough to regulate specific aspects such as consumer data protection, transparency of product information, and dispute resolution mechanisms. Now, with Minister of Trade Regulation 31/2023, the government is presenting more detailed and firm regulations, strengthening consumer protection and increasing security standards in online trading. The direct implication is increased stricter compliance by business actors with this new regulation. The government is also responsible for ensuring effective implementation through tighter supervision and more active law enforcement against violations.

In terms of business culture, this regulation encourages changes in the way of doing business in Indonesia. Business actors, both large and small, must adapt their practices to comply with these new provisions, which not only regulate transactions but also regulate procedures for communicating and maintaining integrity in every interaction with consumers (Tutik Mustajibah, 2021). Meanwhile, public acceptance of Minister of Trade Regulation 31/2023 may vary. Consumers may welcome the additional protection they gain from these regulations, while businesses may feel challenged by the additional costs and changes in their operations. A deep understanding and good education about these regulations are crucial to ensure all parties can implement them correctly and obtain maximum benefits.

4. CONCLUSION

Law as a tool of social control can exist in the form of a legal hierarchy. In this hierarchy, ministerial regulations are widely used, one of the most recent of which is Minister of Trade Regulation Number 31 of 2023 concerning Business Licensing, Advertising, Development, and Supervision of Business Actors in Trading Through Electronic Systems. The juridical review is carried out to ascertain whether the regulations are appropriate to fulfill the needs of many people and create public benefit.

Understanding and complying with applicable regulations is very important in maintaining consumer trust and ensuring legal and ethical business operations, especially in e-commerce, which continues to snowball in Indonesia and globally. First, a good understanding of the regulations governing e-commerce, such as Minister of Trade Regulation Number 31 of 2023, allows business actors to operate appropriately following applicable regulations. This includes obligations to provide consumers with clear information, protect personal data, and comply with established business licensing procedures.

Compliance with these regulations is a legal obligation and key to maintaining consumer trust. Consumers tend to have more trust in businesses that operate transparently and follow standards set by the government. This is important given consumer concerns about data security, product delivery accuracy, and fair dispute resolution in an e-commerce environment. Legal and ethical operations are about complying with the law and taking social responsibility in every business action. By complying with regulations, businesses avoid legal sanctions and build a good reputation in the eyes of consumers and other stakeholders. This will help maintain customer loyalty and support the company's long-term growth.

The importance of understanding and complying with regulations also impacts overall economic stability. When all businesses follow the same rules, this creates a more stable and predictable business environment, which supports the continued growth of the digital economy. Thus, in facing the fast and complex dynamics of e-commerce, every business actor needs to continue to improve their

understanding of applicable regulations and to ensure proper compliance. This will protect businesses from legal risks, build a strong foundation for sustainable business growth, and benefit consumers and society.

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