

Consumer Protection Law: The Case Study Of Grabtoko Company In Indonesian E-Commerce Transactions

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ABSTRACT

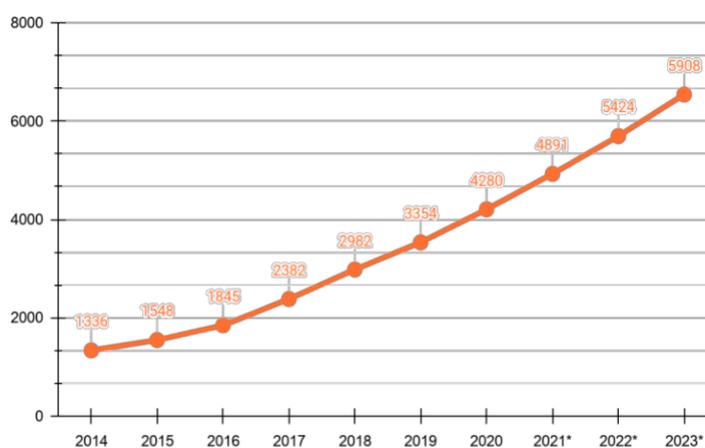
Technology innovation is steadily increasing its capacity in helping human activities, one of which is through digital transactions. The increased use of technology, however, could potentially create legal loopholes which may violate consumer's rights in online transactions like the recently happened GrabToko case. The method used in this article is a normative analysis thorough literature review with statutory and comparative approach related to Indonesian customer protection law, with the reference of previous articles, seeing the increasing usage of digital transactions. This article aims to provide an explanation regarding the advantages and the disadvantages of existing regulations and what needs to be improved related to frauds in the case of GrabToko. Furthermore, it will also be discussed about the legal responsibility of the consumer dispute settlement organizations. The results of this article shows that there are still needs of improvements since the system has its own advantages and disadvantages, especially regarding fraud and administration systems that need to be updated in corresponding law and the development in the aspect consumer protection law.

Keywords: Consumer Protection Law; Consumer Dispute Settlement; Consumer Rights

INTRODUCTION

How transactions occur around the world is gradually changing because of globalization and free trade. Online transactions are seemingly better than its offline counterpart, especially during the COVID-19 pandemic. It is easier, cheaper, and much more convenient for both business actors and consumers in general. However, disruptive technology, such as e-commerce transactions, creates a new market which is not regulated most of the time when it started. The absence of rule opens legal loopholes that may be abused by ill-intended parties. Consumer protection law exists to prevent abuse against consumers. Through the regulation, consumers are granted rights that are guaranteed and protected by the government. Consumers will certainly become the most disadvantaged parties without proper regulation. Another matter that might further suggest the urgency of this issue is that e-commerce transactions make it easier to do cross-border transactions as it is not bound by physical limitations. Transaction may easily take place in both foreign transactions and domestic transactions. According to the United Nation Conference on Trade and Development, it is estimated that the global e-commerce sales will reach \$26.7 trillion as of 2021.¹

Figure 1: Retail E-Commerce Sales Worldwide from 2014 to 2024²



¹ “Global e-commerce jumps to \$26.7 trillion, COVID-19 boosts online sales,” UNCTAD, 3 May 2021, <https://unctad.org/news/global-e-commerce-jumps-267-trillion-covid-19-boosts-online-sales>.

² Tugba Sabanoglu, “Retail e-commerce sales worldwide from 2014 to 2024,” Statista, 26 March 2021, <https://www.statista.com/statistics/379046/worldwide-retail-e-commerce-sales/>.

In 2019, it has been stated that the sale of e-commerce will transcend over \$3.5 trillion globally. It is also being recorded that in the same year, an average of 1.92 billion people worldwide bought their needs by digital means.³

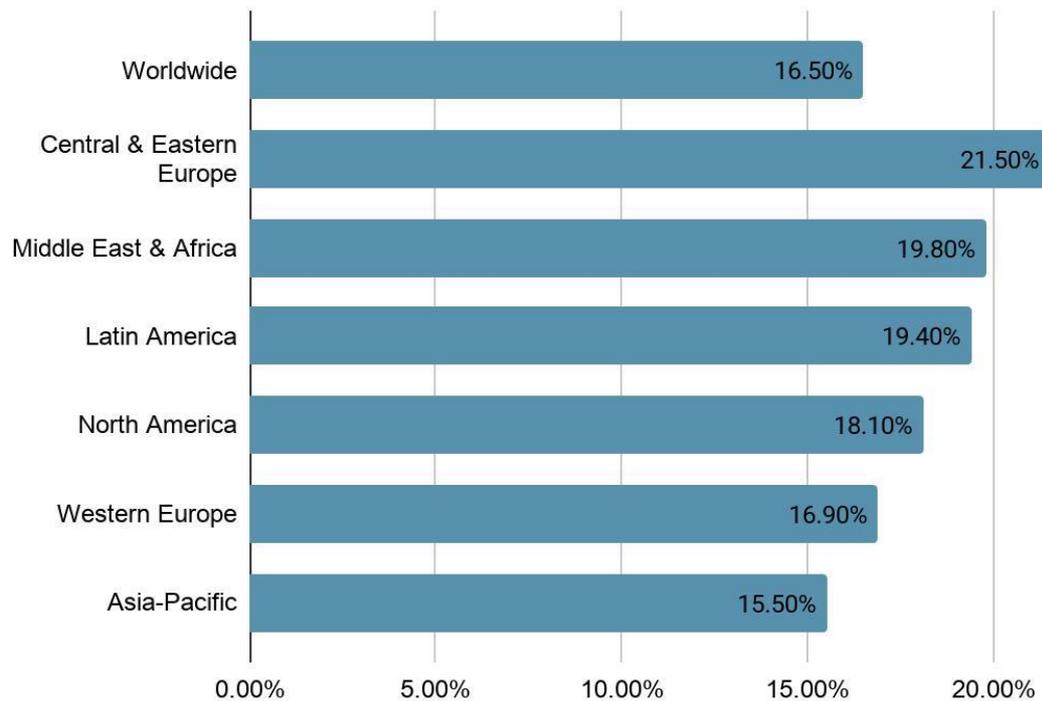


Figure 2: Retail E-Commerce Sales Growth Worldwide, by Region 2020⁴

COVID-19 pandemic has caused the people to rely on the usage of technology and e-commerce transactions. E-commerce has become the most used method for transactions because people are being quarantined at their homes and unable to do physical contact to minimize the spread of COVID-19 infection. As of June 2020, e-commerce traffic broke a new record of \$22 billion monthly stopping by. Amazon, one of the biggest e-commerce in

³ Daniela Coppola, "E-commerce worldwide - Statistics & Facts," Statista, 15 April 2021, <https://www.statista.com/topics/871/online-shopping/>.

⁴ Alexandra Samet, "Global ecommerce market report: ecommerce sales trends and growth statistics for 2021," Business Insider, 30 December 2020, <https://www.businessinsider.com/global-ecommerce-2020-report?r=US&IR=T>.

the world, has five billion unique visitors registered for its e-retail, computing services, consumer electronics and e-commerce content in June 2020, resulting in the increase of sales totalling to \$96 billion.^{5 6}

Meanwhile in Indonesia, the sales of Indonesian e-commerce powerhouse grew significantly compared to the year before. As of August 2020, Bukalapak had a 50% increase in sales compared to the same month of the year before and Tokopedia increased by Rp1.4 million in sales compared to January 2020.⁷

The Indonesian government tried to adapt by enacting necessary regulations to strengthen consumer protection. Unfortunately, drafting a perfect regulation is difficult to do. Although the regulations have been made, it seems that the regulations are not adequate enough. There are open gaps within the legal framework that places consumers in a vulnerable position against harmful practices. Diani Sadiawati from the Ministry of National Development Planning of the Republic of Indonesia stated that Indonesia regulations generally have several problems: firstly, there are provisions within a regulation that clearly contradict other regulations; secondly, regulations are inconsistent with other statutory regulation and its implementing regulations; thirdly, certain regulations are ambiguous and cause obscurity.⁸

In 1999, the Indonesian government formed an organization for consumers to settle any dispute they have when performing transactions. Back then, the regulation, that serves as the basis of their authority, was made when e-commerce transactions were not apparent yet in Indonesia. 22 years since it was formed, technology has advanced rapidly and e-commerce transactions have become common in Indonesia. It is important to find out if e-

⁵ Tugba Sabanoglu, "Net revenue of Amazon from 1st quarter 2007 to 1st quarter 2021," Statista, 30 April 2021, <https://www.statista.com/statistics/273963/quarterly-revenue-of-amazoncom/#statisticContainer>.

⁶ Coppola, "E-commerce worldwide."

⁷ Yuni Astutik & Rahajeng Kusumo Hastuti, "Transaksi Digital Sampai e-Commerce Melesat di Era Pandemi," CNBC Indonesia, 25 August 2020, <https://www.cnbcindonesia.com/tech/20200825151913-37-181854/transaksi-digital-sampai-e-commerce-melesat-di-era-pandemi>.

⁸ Ibnu Sina Chandranegara, "Bentuk-Bentuk Perampangan dan Harmonisasi Regulasi," *Jurnal Hukum Ius Quia Iustum* 26 no. 3 (2019): p. 440, <https://journal.uui.ac.id/IUSTUM/article/view/13070>.

commerce transactions are within the jurisdiction of the organization and the system that it employs is effective and efficient for e-commerce dispute settlement.

As a result of these conditions, consumer protection law is a field of law that must be improved in order to ensure its development in the right direction. The paper aims to answer the following questions:

1. Are current Indonesia laws and regulations related to consumer protection still adequate for today's technological developments of e-commerce?
2. How the implementation of Online Dispute Resolution improves e-commerce dispute settlement in Indonesia?
3. What needs to be done in order to provide secure e-commerce transactions?

METHOD

This research aims to provide explanations to readers by using normative juridical research methods. Normative juridical approach is a method where it analyzes the current laws and regulations and provides solutions for problems that might arise or have arisen from the current laws.⁹ The sources are based on primary, secondary, and tertiary sources. The primary sources are statutory regulations, such as Law No. 8/1999 on Consumer Protection (UUPK), Law No. 11/2008 on Information and Electronic Transaction (UU ITE), and Government Regulation No. 80/2019 on Trade Through Electronic System (PP PMSE) which will be analyzed about its effectiveness in providing consumer protection. Secondary legal sources include articles, journals, and literature on consumer protection in the digital era. Tertiary data used is internet media which helps the writer to understand and provide an explanation of primary and secondary legal materials. The paper also uses the GrabToko case that involves fraud in digital transactions as a case study.

⁹ Sanne Taekama, "Theoretical and Normative Frameworks for Legal Research: Putting Theory into Practice," *Law and Method* (2018), https://www.researchgate.net/publication/323671739_Theoretical_and_Normative_Frameworks_for_Legal_Research_Putting_Theory_into_Practice.

RESULTS AND DISCUSSIONS

The Urgency of Adequate Consumer Protection Regulation

It is the right of the consumer to feel comfortable, secure, and safe when purchasing goods/services in a transaction. The right to choose goods/services and to obtain goods/services in accordance with the value and conditions as well as guarantee. The right to true, clear and honest information regarding the conditions and guarantee of goods/services. They also have the rights to be heard when expressing complaints and receive proper advocacy, protection, and settlement in a dispute. Furthermore, consumers have the right to receive consumer assistance and education, to receive proper, honest, and non-discriminatory treatment, to obtain compensation, redress, and substitution, if the goods/services received are not as requested by consumers.¹⁰ UUPK has stated all of these rights along with many others, however, in our observation in some cases consumers are still suffering losses without receiving compensation which means that the law is not enforced properly as seen in the GrabToko case as illustrated below. A law loses its purpose if it is not enforced properly, which is an issue that needs to be addressed urgently, seeing the rapid growth of e-commerce nowadays.

A consumer faces limited selections of goods that an offline market can supply at a time. This is not the case with e-commerce marketplace. It greatly expands the selection of goods that consumers can choose from. Establishment of websites, online shops, and other information technology infrastructures, like artificial intelligence and search engines optimization help consumers find what they want without much effort. Giving consumers a vast selection where they can find the best value for the best quality that they desire. As a result, transactions are not only performed by two parties in the same jurisdiction but it could also involve parties coming from abroad.¹¹ Disputes coming from international transactions might be a complex matter. That is why consumer protection is a matter that should be considered.

¹⁰ Article 4 of Law No. 8/1999 on Consumer Protection

¹¹ Sinta Dewi Rosadi & Zahra Tahira, "CONSUMER PROTECTION IN DIGITAL ECONOMY ERA : LAW IN INDONESIA," *Yustisia Jurnal Hukum* 7 no. 1 (2018), <https://jurnal.uns.ac.id/yustisia/article/view/20144>.

The Importance of the Consumer Trust

Trust is a key component in an e-commerce transaction because it allows the process to run smoothly despite the security risks present in an e-commerce environment. Many e-commerce business actors are creating strategies to increase their consumer's trust to increase their sales. Cheskin Research & Studio Archetype/Sapient eCommerce TrustStudy mentions that trust is something that develops as consumers are provided with a sense of security. Nielsen states that trust is an actual accumulation of results of a business actor and its company's behaviour in interacting with their consumers in time as trust is something that is hard to achieve and can easily be lost. Egger and de Groot state that offline experiences and reputation of the store; the visual attraction, such as the website layout design, website information, and contents; video products; and security aspects like terms and conditions, privacy policies; also communication method, like customer service and post-purchase service are factors in building consumers' trust. Pitchler states consumers cannot do certain things in online transactions that they can usually do in offline transactions, such as to see, feel, and review the desired products physically. The absence of physical stores and interaction with staff are also certain things that consumers cannot do in an online transaction. Trust plays a major role in creating a convenient and safe transaction process for the consumers. Therefore, information like advertisements, promotional videos, and testimonies; great customer service; and nice and intriguing platforms are essential aspects in building consumer's trust.¹²

Consumer Protection Case Study: GrabToko Case Summary

At the end of 2020, Indonesia was introduced to the infamous e-commerce dispute, the GrabToko case. GrabToko is a newly established e-commerce corporation that sells electronic hardwares, like smartphones and tablets. GrabToko was first founded in early 2020 but began its first operation at the end of 2020. The person responsible for the GrabToko case is Yudha Manggala Putra who acts as the managing director of GrabToko.

¹² Mary Anne Patton & Audun Jøsang, "Technologies for Trust in Electronic Commerce," *Electronic Commerce Research* 4 (2004): p. 1-3, <https://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.60.3255&rep=rep1&type=pdf>.

Yudha rented an office located in Kuningan, South Jakarta where he hired six employees who work as customer service at GrabToko. He informed one of GrabToko consumers that the delivery of purchased goods was delayed from 4th January to 5th January 2021 due to embezzlement of funds by GrabToko investors.¹³ This is a *modus operandi* that is often used. Less than one year, GrabToko has gained over Rp17 million from a total of 980 consumers as reported by the Criminal Investigation Agency of the Indonesian National Police (Bareskrim Polri). According to Brigadier General Slamet Uliandi, Director of Cyber Crime of Bareskrim Polri, GrabToko offers electronic hardwares at low prices but never sends these hardwares to consumers once payment is received. Yudha from the beginning built a Grab Toko for fraud by using hosting from abroad so it will not be easily traced in Indonesia. It is informed by the consumers that the Instagram Account later cannot be accessed and the customer service do not reply anymore to consumers complaints.¹⁴

The creator of GrabToko, Yuda Manggala Putra, uses his friend's name which is Anak Agung Narendra Putra, as the commissioner of GrabToko without consent of Agung himself. As stated by Agung that he has no connection with the corporation except that he knows Yuda Manggala Putra personally as a friend.¹⁵ A testimony from Desty Nur Cahyani stated that she was attracted to GrabToko because of the incessant advertising promoting up to 90% discount that appeared on national television broadcasts as well as on large highway billboards. Because of that, she was convinced that GrabToko was a legitimate business.¹⁶ Another victim of the case, Fences, stated that all other victims have been gathered and a

¹³ “Kronologi Isu Penipuan Grab Toko Hingga Rekening Diblokir BCA,” CNN Indonesia, 7 January 2021, <https://www.cnnindonesia.com/ekonomi/20210107081022-92-590508/kronologi-isu-penipuan-grab-toko-hingga-rekening-diblokir-bca>.

¹⁴ “Kronologi Grab Toko Tipu 980 Orang dan Rugikan Rp17 M,” CNN Indonesia, 15 January 2021, <https://www.cnnindonesia.com/ekonomi/20210115135836-92-594181/kronologi-grab-toko-tipu-980-orang-dan-rugikan-rp17-m>.

¹⁵ “Grab Akan Lakukan Langkah Hukum Terhadap Grab Toko,” Kompas, 7 January 2021, <https://tekno.kompas.com/read/2021/01/07/14273287/grab-akan-lakukan-langkah-hukum-terhadap-grab-toko>.

¹⁶ Emir Yanwardhana, “Kerugian Konsumen yang Kena Tipu Grab Toko Rp 1,1 Miliar,” CNBC Indonesia, 11 January 2021, <https://www.cnbcindonesia.com/news/20210111171944-4-215116/kerugian-konsumen-yang-kena-tipu-grab-toko-rp-11-miliar>.

representative has reported GrabToko as the responsible party to Greater Jakarta Metropolitan Region of the Indonesian National Police.¹⁷

A written interview with one of GrabToko consumers, reveals that the victims have asked for further information from Bareskrim Polri and requested the police to bring this case to court for monetary refund but the procedure is complicated. The victim has also asked consumer dispute settlement organizations for help but to no avail. The victim felt hopeless and decided not to pursue the case any further because there was no certainty that she would get anything out of this case. This generated distrust in the legal system that is supposed to protect them.¹⁸

Consumer Protection Case Study: GrabToko Case Analysis - The Fraud Theory

Fraud is a crime of getting money by deceiving people.¹⁹ Fraud is characterized by premeditated ill intention where the seller persuades a consumer into a purchase agreement but the seller does not intend to fulfill their part of the agreement in the first place.²⁰ Fraud can come in other schemes. Transaction fraud is becoming more and more common due to the development of e-commerce because it is somewhat easier to do when you do not meet face to face.²¹ Consumers can only rely on photos and videos of goods to see it and that does not ensure that the goods will be sent once payment is completed.

The GrabToko case is a fraud case because it involves a purchase agreement between the seller and the buyer that were not fulfilled by the seller. It is also an internet fraud case because it involves the use of the internet in executing the fraud scheme. It is safe to say that it is an internet-facilitated fraud case based on the understanding of fraud theory. Further analysis suggests certain actions done by GrabToko indicate signs of deception. The

¹⁷ Trio Hamdani, "Grabtoko Dilaporkan ke Polisi," *detikfinance*, 7 January 2021, <https://finance.detik.com/berita-ekonomi-bisnis/d-5324810/grabtoko-dilaporkan-ke-polisi>. Also see <https://twitter.com/halobuaya/status/1345289047078363137>

¹⁸ Wednesday, 27 January 2021

¹⁹ "Meaning of fraud in English," Cambridge Dictionary, <https://dictionary.cambridge.org/dictionary/english/fraud>.

²⁰ Miriam Albert, "E-Buyer Beware: Why Online Auction Fraud Should Be Regulated," *American Business Law Journal* 39, no. 4 (2002): p. 579 & 581, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1676905.

²¹ *ibid.* p. 578

composition of its brand, GrabToko, has confused some consumers to assume it is part of Grab, a ride-hailing corporation. Another deceptive matter is GrabToko's advertisement with discounts up to 90%. GrabToko may have intentionally done this to lure unaware consumers before running off with their money. All of these things would fall under the fraud theory, which is to create deception to steal the consumers' money.

Current E-commerce Consumer Protection Regulations in Indonesia

The main purpose of UUPK is to protect consumers from harmful business practices that could potentially hurt them financially. Consumer protection under the UUPK is defined as "all efforts to ensure legal certainty to provide protection to consumers".²² To be more precise, UUPK was made to increase consumer awareness, ability, and independence to protect themselves; elevating the dignity of consumers by preventing them from the negative excesses of the use of goods/services; increasing the empowerment of consumers in choosing, determining, and demanding their rights as consumers; create a consumer protection system that contains elements of legal certainty and information disclosure as well as access to information; raise awareness of business actors regarding the importance of consumer protection so as to grow an honest and responsible attitude in doing business; improve the quality of goods/services that ensure the continuity of the business of producing goods/services, health, comfort, security, and safety of consumers.²³

Consumers have the right to convenience, security, and safety when purchasing goods/services; the right to choose and receive goods/services as agreed; the right to factual information; the right to be heard when complaining and in receiving proper advocacy, protection and proper settlement, right to receive consumer assistance and education, to receive proper, honest, and non-discriminatory treatment, the right to compensation, redress, and substitution, if the goods/services received are not as requested by consumers.²⁴ On the other hand, business actors are responsible to realize those rights due to the general nature of business actors having the upper hand that they can utilize unless they are given a

²² Article 1(1) of Law No. 8/1999 on Consumer Protection

²³ *ibid.* Article 3

²⁴ *ibid.* Article 4

regulatory barrier, meanwhile consumers do not have the same position.²⁵ Consumers are in a vulnerable position most of the time when dealing with business actors hence the emphasis should be on consumer protection. Business actors cannot offer or advertise goods/services as if they have it available when they do not actually have it.²⁶ This is further emphasized that business actors cannot give false information regarding the condition of goods/services.²⁷ Business actors are prohibited from putting up advertisements that deceive consumers regarding the quality, quantity, materials, uses and prices of goods/services as well as the timeliness of receiving goods/services.²⁸

If consumers suffer loss as a result of business actors' negligence, they are liable to provide compensation for damage, in the form of refunds or equivalent replacement of goods/services in seven days after the date of transaction.²⁹ Business actors are responsible for their advertisements and all legal consequences caused by their advertisements.³⁰ Business actors who refuse, do not respond, or do not fulfill a consumer's rightful compensation can be sued through dispute settlement mechanism or to the district court where the consumer domiciles.³¹

While it does not regulate consumer protection directly, it has provisions that intersect with consumer protection as stated in Article 35 which regulates computer-related fraud.

The law that regulates consumer protection in e-commerce is Law No. 7/2014 on Trade which one of its implementing regulations is PP PMSE. PP PMSE is a regulation that intersects with both consumer protection and cyberspace. It does have several provisions that relate to consumer protection. It basically regulates electronic transactions that occur through cyberspace between business actors, consumers, individuals, and government

²⁵ Adam Dwi, "Hak Pelanggan Masih Terabaikan," *mediaindonesia*, 3 September 2017, <https://mediaindonesia.com/humaniora/120597/hak-pelanggan-masih-terabaikan>.

²⁶ *ibid.* Article 9(1)

²⁷ *ibid.* Article 10(a)

²⁸ *ibid.* Article 17(1)(a)

²⁹ *ibid.* Article 19

³⁰ *ibid.* Article 20

³¹ *ibid.* Article 23



institutions.³² The matter of e-commerce is included in this regulation. The regulation requires business actors to provide true, clear, and honest information when performing e-commerce transactions.³³ The information must, at least, contain true and accurate information; matching description between the advertisement and the actual goods; condition, legality, quality, price, availability of goods/services.³⁴ According to this regulation, business actors must refer to UUPK to uphold consumer protection in e-commerce transactions and provide complaint service for consumers.³⁵

An e-commerce transaction is initiated by an offer made by a business actor to a consumer. The offer is only binding if there is clear intention with honesty, fairness, balance.³⁶ It also has to explain how the consumer expresses their agreement. The expression of agreement must be explicit and not ambiguous. An offer can be accepted if they have fulfilled the previous requirements.³⁷ An offer and an acceptance in cyberspace result in an electronic contract.³⁸ An electronic contract is valid if it is in accordance with the offer made in the first place and Article 1320 of the Indonesian Civil Code. It should contain the specification of the goods/service along with how and when it will be delivered.³⁹ When an electronic contract is made, the seller is bound to deliver what the consumers had bought in a timely manner.⁴⁰ If the seller made a mistake or missed a deadline, then the consumer is entitled to a replacement or cancellation.⁴¹

Consumers can also report to the Indonesian Ministry of Trade if they suffer damages when conducting an e-commerce transaction. Reported business actors are required to settle the dispute. Failing to do so will result in them being placed on a government priority watchlist.⁴²

³² Article 4 of Government Regulation No. 80/2019 on Trade Through Electronic System

³³ *ibid.* Article 13(1)

³⁴ *ibid.* Article 13(2)

³⁵ *ibid.* Article 26 & 27

³⁶ *ibid.* Article 39(2)

³⁷ *ibid.* Article 40

³⁸ *ibid.* Article 47

³⁹ *ibid.* Article 53

⁴⁰ *ibid.* Article 63 & 64

⁴¹ *ibid.* Article 69(2)

⁴² *ibid.* Article 18

E-commerce Consumer Protection Regulations Analysis

UUPK is a general legal foundation when it comes to the protection of consumers but the problem is the enforcement is still ineffective. As seen in the GrabToko case, the poor enforcement of the regulation resulted in the financial damages of GrabToko's consumers as well as confusion on what they are entitled to legally and what they can do about it.

In 2016, the government created a system called digital reliability certification which aims to analyze and observe a person on the internet and it is safe to use because it uses data encryption so the data will not be leaked to unauthorized parties. This can be seen as the use of a passport as a means of identification. This process is supervised by the Certificate Authority, which manages and verifies the owner of an identity and makes it as an identity certification. This certification can be used in proving their identity where the data in this certificate has been encrypted and also can be sent to various parties.⁴³

Good faith and factual information play a major role in e-commerce transactions since it is not possible for buyer and seller to physically interact with each other. Consumers have to rely on the seller in that matter. In the GrabToko case, GrabToko clearly did not exercise good faith and provide factual information. This resulted in the breach of Article 4, Article 7, Article 9(1), Article 10(a), Article 17(1)(a). The problem presented by the case is that the consumers have no way of verifying whether the information provided by a seller is credible or not. Leaving the credibility of information to chance and hoping that a seller will have good intentions will not work at all.

GrabToko should have paid damages to their consumers, according to Article 19 of UUPK. The reality is that the consumers have not received any compensation for their losses and the government failed to uphold their rights. GrabToko, as the injuring party, already displayed a lack of good faith and hoping they will compensate their consumers willingly is unlikely to happen. The government has to take action to force GrabToko to give compensation. Otherwise, the consumers will stay uncompensated.

⁴³ Rosadi & Tahira, "CONSUMER PROTECTION IN DIGITAL ECONOMY ERA," p. 90

UU ITE stipulates that electronic transactions must be based on, amongst all other, benefit, prudence, and good faith.⁴⁴ In the case of Grab Toko, the principle of good faith is not exercised and obviously violated. Good faith is needed from both parties in order to conduct a proper and smooth e-commerce without malicious intent. The incessant advertising, promoting up to 90% discount, that appeared on national television broadcasts as well as on large highway billboards⁴⁵. After the consumers finished the transaction and waited for the delivery, GrabToko's Instagram cannot be accessed and the customer service can no longer be contacted⁴⁶. This proves that the advertisement was used to trap consumers, fulfilling the element of bad faith in this case. Moreover, another sign of bad faith from GrabToko is the fact that the owner of GrabToko uses his friend's name and registered it as the commissioner of GrabToko without the person's consent as clarified by his friend personally.⁴⁷ All of this points out that GrabToko has practiced bad faith and violated the law as stated in UU ITE that every electronic system must be operated with reliability and safety.⁴⁸ This had not been done by GrabToko as they did not provide reliable information and did not act responsibly for the damage.

E-commerce Consumer Protection Organizations in Indonesia

There are three main institutions when it comes to consumer protection in Indonesia. The National Consumer Protection Institution (BPKN) is a governmental organization mainly responsible for developing better consumer protection policy by proposing recommendations to the Indonesian government.⁴⁹ Other responsibilities include research on existing regulations and consumer safety, supporting non-government consumer protection institutions, disseminating information about consumer protection, and receiving consumer complaints.⁵⁰ It does receive consumer complaints but it does not settle those cases using the alternative dispute resolution and adjudication process.

⁴⁴ Article 3 & Article 17(2) of Law No. 11/2008 on Information and Electronic Transaction

⁴⁵ Yanwardhana, *op. cit.*

⁴⁶ "Kronologi Grab Toko Tipu 980 Orang dan Rugikan Rp17 M," CNN Indonesia, *op. cit.*

⁴⁷ Pertiwi, *op. cit.*

⁴⁸ Article 15(1) of Law No. 11/2008 on Information and Electronic Transaction

⁴⁹ *ibid.* Article 31 and 34(1) of Law No. 8/1999 on Consumer Protection

⁵⁰ *ibid.* Article 34(1)

According to UUPK, the institution that settle the consumer disputes using alternative dispute resolution and adjudication processes is Consumer Dispute Settlement Institution (BPSK). BPSK is directly responsible for handling consumer disputes settlement through mediation, arbitration, or conciliation.⁵¹ BPSK is also responsible for providing consultation on consumer protection, observing the use of standard contracts that might affect consumers negatively, and reporting any infringement of UUPK to the authorities.⁵² In addition to settling the consumer dispute, Article 52 point e UUPK clearly states that BPSK also has the task of receiving complaints from consumers regarding violations of consumer protection.

Non-governmental Consumer Protection Organizations (LPKSM), such as Yayasan Lembaga Konsumen Indonesia (YLKI), are also encouraged to help realize consumer protection.⁵³ The responsibilities of LPKSM include increasing consumers' awareness of their rights and obligations, providing advice on consumer protection, conducting cooperation with other organizations to further improve consumer protection, receiving consumer complaints, supervising the enforcement of consumer protection along with the government and the public.⁵⁴ Essentially, the role of LPKSM is to support BPKN and BPSK in enhancing consumer protection.

Thus, based on their duties, it can be seen that the three institutions have duties related to consumer protection and especially the three institutions have a similar task of receiving consumer complaints. If it has become a dispute, then the consumer dispute resolution can be settled through a lawsuit in court or an out-of-court settlement.

A lawsuit against a business actor can be filed by a consumer, consumer group, non-governmental organization, or government agency if causing great material loss and casualties.⁵⁵ Specifically for consumer groups, NGOs and the government, lawsuits should

⁵¹ *ibid.* Article 52

⁵² *ibid.* Article 52

⁵³ *ibid.* Article 44(2)

⁵⁴ *ibid.* Article 44(3)

⁵⁵ *ibid.* Article 46 (1)

be filed through the general courts. As for individual consumers, they can settle through the general courts or out of court settlement.⁵⁶

Out of court settlement is held to reach a compensation or an injunction.⁵⁷ If an out of court settlement has been selected, a lawsuit through the court can only be taken if the out of court attempt is declared unsuccessful by one of the parties or by the disputing parties.⁵⁸ BPSK is an institution formed to resolve consumer disputes out of court.

E-commerce Consumer Protection Institution in the US

There are also several other international organizations that are involved in safeguarding the rights of consumers. E-commerce consumer protection has become an urgent matter due to the rapid technological advancement leading to digitalization of transactions and every legal loophole that comes with it. The US Department of Justice and Federal Trade Commission both have taken the lead in starting and establishing an international organization with the aim to fight cybercrimes and protect consumers in cyberspace by creating the Internet Crime Complaint Center (IC3). The IC3 is a special reporting center created to settle internet-related crime under the Federal Bureau of Investigation.⁵⁹ Founded in 2000, it was previously known as Internet Fraud Complaint Center until 2003. IC3's mission is to provide a reliable and convenient cyber crime report center for the public and work together with law enforcement and industry partners.⁶⁰ IC3 defines cyber crime as:

“Internet crime includes any illegal activity involving one or more components of the Internet, such as websites, chat rooms, and/or email. Internet crime involves the use of the Internet to communicate false or fraudulent representations to consumers. These crimes may include, but are not limited to, advance-

⁵⁶ *ibid.* Article 46 (2)

⁵⁷ *ibid.* Article 47

⁵⁸ *ibid.* Article 45 (4)

⁵⁹ IFCC was created in May of 2000 with the support from National White Collar Crime and Federal Bureau of Investigation and also collaborating with various agents and analysts from the Internal Revenue Service and the US. Postal Inspection where they aim to achieve in becoming the pillar support and establish an effective communication line between the government as the regulatory body and its organization with the disadvantaged victims. With that goal, IFCC has a task in receiving, observing, analyzing the schemes and complaints that they received in finding the most effective solution for the customers and to deal with the internet crimes. Albert, “E-Buyer Beware,”

⁶⁰ <https://www.ic3.gov/Home/About#>.



*fee schemes, non-delivery of goods or services, computer hacking, or employment/business opportunity schemes.*⁶¹

Other cybercrimes include intellectual property rights infringements, computer intrusions, economic espionage, online extortion, international money laundering, identity theft, and many more.

Meanwhile, there is an intergovernmental organization which is the Organisation for Economic Co-operation and Development (OECD) which issue policy guidelines that are often used as references for other countries. This is an international organization that aims to create policies that could be used as international standard that may improve the opportunity, equality, prosperity and well-being of people by collaborating with several parties, citizens, policy makers and governments by giving recommendations to solve global issues, such as improving the economy, social life, quality of education, concerns on environmental issues and fighting against tax evasions in order to provide the global standard for the people around the world.⁶²

E-commerce Consumer Protection Organization Analysis: Submission of Dispute

It has become a common practice for the public that when they have a dispute as a consumer, they might report it to BPKN, BPSK, or any LPKSM. BPSK is able to receive consumer complaints in conjunction to be the dispute settlement organization.⁶³ BPKN and LPKSM have the same task of receiving consumer complaints according to Article 34(1)(f) and Article 43(3)(d) of UUPK respectively. On the other hand, Article 18 of PP PMSE also grant the authority to receive consumer complaints to the Ministry of Trade. This, however, might result in the problem of duplication. BPKN and the Ministry's authority to receive submissions of disputes overlap with BPSK's authority as the dispute settlement organization. Complaint submissions that go through BPKN and the Ministry will have to be sent again to BPSK because it is the organization that has authority to settle consumer disputes in the end.

61 <https://www.ic3.gov/Home/FAQ#>.

62 <https://www.oecd.org/about/>.

63 Article 52(e) of Law No. 8/1999 on Consumer Protection

This might increase the chance for the cases to get lost during the process. The authority of BPKN and the Ministry to receive the submission of consumer complaints creates unnecessary layers of bureaucracy.

Minimalizing the layers and shortening the procedure should improve overall dispute resolution efficiency. We propose consumer complaints should be submitted directly to BPSK. The main reason is that BPSK representatives are already present in every district and city, making it easier to access consumer complaints.⁶⁴ This alone should provide enough coverage for consumer access, eliminating the need for BPKN and the Ministry of Trade as a place for complaint submission. BPKN and the Ministry of Trade should be focused on their other responsibilities of policy making instead. Online Dispute Resolution can be implemented to further reduce the need for multiple places of submission as the public could simply access BPSK website to submit their cases, without having to visit BPSK office. BPSK office construction should be prioritized for those who do not have access to the internet.

E-commerce Consumer Protection Organization Analysis: Legal Jurisdiction of BPSK

BPSK is created to settle consumer transactions disputes. The BPKN has stated that they have received around one hundred reports of consumer disputes related to the GrabToko case based on the statement from Rizal E. Halim, the chairman of BPKN.⁶⁵ However, it has been a couple of decades since UUPK was made back when e-commerce transactions were not as apparent as they are now. Offline transactions are definitely within the jurisdiction of BPSK but does the BPSK have jurisdiction to handle e-commerce disputes?

The formation of BPSK is based on Article 49(1) of UUPK and Ministerial Decree of Trade and Commerce No. 350/MPP/Kep/12/2001 (SKMenperindag No. 350/2001) which regulates that in every city or district, a BPSK must be established. One of the duties given to BPSK is to carry out the handling and settlement of consumer disputes by means of conciliation, mediation and arbitration according to Article 52 of UUPK.

⁶⁴ *ibid.* Article 49

⁶⁵ "BPKN Akan Cabut Izin Grab Toko Bila Terbukti Bersalah," *Warta Ekonomi*, 12 Januari 2021, <https://www.wartaekonomi.co.id/read322395/bpkn-akan-cabut-izin-grab-toko-bila-terbukti-bersalah>.

Every consumer who has suffered damage can file a lawsuit against the business actor through an institution with the authority to settle disputes between consumer and business actor or through a court.⁶⁶ Consumer within this context is the final consumer and so are the GrabToko consumers. Both consumer and business actors must first agree to settle through BPSK in order for BPSK to have jurisdiction over the dispute. If one of the parties does not agree, BPSK cannot adjudicate the dispute. The lawsuit filed must be material in nature, compensation for losses comes in the form of refunds and replacement of goods/services. BPSK cannot settle a dispute involving non-material damages. In regard to the GrabToko case, the consumers have paid but have not received their deserved products. Therefore, the consumers of GrabToko have suffered material damages by fraud which is admissible.

UUPK does not specify whether it is exclusively regulated on traditional commerce and there is no explicit differentiation between traditional and electronic commerce. Substantially, BPSK can settle over a traditional commerce dispute as well as e-commerce dispute as long as the aforementioned prerequisite is fulfilled. However, since traditional commerce and electronic commerce are unique in their own way, a clear distinction between the two should be made by coming up with a new regulation specifically on e-commerce dispute settlement.

E-commerce Consumer Protection Organization Analysis: Importance of Online Dispute Resolution in Indonesia

A reliable dispute settlement system in which consumers can count on in case they have disputes is one of the fundamentals needed to gain consumers trust. E-commerce transactions go beyond national borders and involve people overseas, thus an e-commerce dispute resolution system that is available to people around the world regardless of their nationality. The challenge here is establishing whose authority can take control of a dispute settlement resolution.⁶⁷

⁶⁶ Article 45 of Law No. 8/1999 on Consumer Protection

⁶⁷ Ioannis Lianos, *et al.*, "The Global Governance of Online Consumer Protection and E-commerce Building Trust," *World Economic Forum*, (2019): p. 10, http://www3.weforum.org/docs/WEF_consumer_protection.pdf.

The European Union has decided to unify the procedures of dispute settlement to make it simpler. Ever since then, many countries have created and developed their own alternative dispute resolution system, for instance: China created the Asian Domain Name Dispute Resolution Center (ADNDRC) and the Online Dispute Resolution Center at the China International Economic and Trade Arbitration Commission (CIETAC). Singapore launched DisputeManager.com which is recognized as the first ADR system out of all ASEAN countries. Philippines where their ADR system is known as the most technological ADR and many more.⁶⁸

Online Dispute Resolution (ODR) is “a form of ADR which takes advantage of the speed and convenience of the Internet and ICT”.⁶⁹ ODR is a form of ADR that developed along with the growth of e-commerce. Conventional ADR and ODR are not very different in essence. The implementation of ODR is beneficial for ADR. The advantages of ODR are: (1) it cuts costs and saves time because parties do not need to meet physically, (2) it provides flexibility in terms of time as the parties arrange the best time that works for both, (3) it enables the parties to have more control on how they want do the dispute settlement.⁷⁰

There are several types of dispute resolution methods such as dispute prevention, ombudsman programs, conflict management, assisted negotiation, neutral assessment and evaluation, mediation, arbitration, expert determination, customers programs and executive tribunals. The typology of disputes can be classified into six categories.⁷¹

First, an unperceived injurious experience, where a consumer does not realize a problem occurred with the product they transacted. Second, perceived injurious experience,

⁶⁸ *ibid.* p. 19

⁶⁹ Pablo Cortes, “The Hidden World of Consumer ADR: Redress and Behaviour,” (2011), https://www.law.ox.ac.uk/sites/files/oxlaw/dr_pablo_cortes.pdf.

⁷⁰ Meline Gerita Sitompul, et al., “ONLINE DISPUTE RESOLUTION (ODR): PROSPEK PENYELESAIAN SENGKETA E-COMMERCE DI INDONESIA,” *Jurnal Renaissance* 1 no. 2 (2016): p. 90, <https://media.neliti.com/media/publications/255784-online-dispute-resolution-odr-prospek-pe-52db2b41.pdf>.

⁷¹ American Bar Association’s Task Force on Electronic Commerce and Alternative Dispute Resolution in Cooperation with the Shidler Center for Law, Commerce and Technology, University of Washington School of Law, “Addressing Disputes in Electronic Commerce: Final Recommendations and Report,” *The Business Lawyer* 58, no. 1 (2002): p. 434, https://www.jstor.org/stable/pdf/40688128.pdf?ab_segments=0%252FSYC-5917%252Ftest&refreqid=excelsior%3A94162e91dd147931f0bed8e3bd7bb61a.

the problem has been realized by the consumer but never asks for a remedy due to self-blaming of guilt. Third, grievances, is a condition where customers feel that their rights have been violated and they will not do another transaction with the same merchant again but the complaint is not voiced.⁷² Fourth, claims and complaints, are basically grievances that are voiced by the customer to the merchant but it does not involve legal proceedings and the merchant will try to provide remedy in order to gain back the consumer's trust for future transactions. Fifth, dispute, is a complaint that has been rejected either partially or fully by the merchant and the customer usually takes the loss and avoids doing transactions with the merchant in the future. Sixth, disputes voice to third parties, this is the stage where customers who feel dissatisfied with the violation of their rights ask for the assistance of third parties, such as lawyers, government institutions, merchant associations. Seventh, formal dispute resolution consists of ADR and lawsuits, this is the very top of level of consumer dispute where in this stage, the consumers together with third parties have advanced further in the legal process of dispute settlement procedure.⁷³

Typical e-commerce cases of online dispute resolution are mainly caused by the inability to effectively protect consumers, like misuse of credit and debit cards; late or no delivery of purchased goods; internet fraud; hidden illegal cost by merchants; unclear rules and procedures; merchant websites lack credible certification of policy; no restriction on personal data; consumers' privacy failure; lack of information.⁷⁴

There is actually a regulatory framework that can act as the foundation of ODR in Indonesia, which is Law No. 30/1999 on Arbitration and Alternative Dispute Settlement (UU AAPS) since ODR is basically another form of ADR that has been infused with digitalization. The regulation regulates dispute settlement in a dispute between parties through the process of mediation, consultation, conciliation and many more, where all these methods are used to settle disputes a verdict is reached, and finally concluding the disputes.⁷⁵ Alternative dispute resolution is a dispute resolution institution through a procedure agreed

⁷² *ibid.*, p. 424

⁷³ *ibid.*

⁷⁴ *ibid.* p. 429

⁷⁵ Article 2 and Article 6 of Law No. 30/1999 on Arbitration and Alternative Dispute Settlement



upon by the parties, namely settlement outside the court by means of consultation, negotiation, mediation, conciliation, or expert judgment.⁷⁶ The sentence “...through a procedure agreed upon by the parties...” means that the regulation does not specifically state that arbitration must be done offline. This opens up the possibility of ODR.

UU ITE states that civil lawsuits disputes may be resolved through alternative dispute resolution in accordance with the provisions of Indonesian regulations.⁷⁷ This provision should also open up the possibility of ODR.

PP PMSE states that in the event of a dispute, it can be settled through a dispute resolution mechanism that is not limited to offline mechanisms but it is possible to do it electronically or, in other words, online dispute resolution.⁷⁸ It is regulated that the parties are able to choose the law which will be applied for international e-commerce transactions. It will also be used to determine court forum, arbitration, or other alternative dispute resolution to handle disputes.

OECD sets up general principles and recommendations to provide effective and clear transactions for consumers by analyzing mechanisms that need improving to achieve this goal. It could be transformation from government, regulation, or consumers' aspect regarding socialization of data privacy, payment transparency, and many more. First, the importance of transparency and effective protection for the customers. It is necessary for sellers to give reliable information to the consumers according to the standards set by OECD, by collaborating with governments and stakeholders to achieve such protection standards to protect consumers in e-commerce transactions. Second, related with reliable information, it is the availability of information to be accessed by consumers about the business, creating effective communication between seller and consumers by providing information of business location, address, email address, contact, websites, legal documents. Third, providing an effective and transparent dispute resolution mechanism and redress both locally and

⁷⁶ *ibid.* Article 1(10)

⁷⁷ Article 39 of Law No. 11/2008 on Information and Electronic Transaction

⁷⁸ Article 72 of Government Regulation No. 80/2019 on Trade Through Electronic System



internationally which are affiliated with cross-border transactions.⁷⁹ These are the standard principles created by international organizations with the aim to secure and protect the rights of consumers in e-commerce transactions.

For comparison, the United States has created the American Arbitration Association (AAA) which has incorporated ODR into their arbitration services called Virtual Hearing Managed Service.⁸⁰ Basically, the AAA has established an online arbitration system using video meetings.

AAA has principles that ensure the alternative dispute resolution process runs smoothly. First, the avoidance of conflict of interest in a dispute resolution, where the staff members do not write and review awards, arbitrators and mediators are bound by the code of ethics and standard of conduct. Both of them must disclose their interest and relationship once chosen. Arbitrator impartiality is strictly oversight to prevent bias. Parties may use other statutory or other methods besides the ones provided by AAA and parties may also object to an arbitrator chosen by AAA.⁸¹

Second, conflict management, where AAA manages conflict settlements by facilitating conferences, publications, training, ADR guides, and sample clauses. AAA also provides its own contract in providing many variations of conflict dispute management. Especially for employees, it is solved by the Smart Solution Program where it is specially focused to handle non-union employees.

Third, confidentiality, as AAA staff and neutrals are obliged to keep confidential information private and individual arbitration may be closed if it is agreed by the parties but regulation and procedures are available publicly on the web.⁸²

Fourth, diversity and inclusion, the AAA prioritizes diversity and inclusion to hire its neutrals staffs, directors, business executors, partners, conflict professionals. In seeking advice, AAA also focused on diverse committees.

79 OECD, *Consumer Protection in E-commerce*: OECD Recommendation (Paris: OECD Publishing, 2016), <https://www.oecd.org/sti/consumer/ECommerce-Recommendation-2016.pdf>.

80 <https://www.adr.org/virtual-hearing-managed-services>.

81 <https://www.adr.org/StatementofEthicalPrinciples>

82 *ibid.*



Fifth, proficient neutrals, AAA set a high standard on recruiting neutrals, which is regularly evaluated, provided with mandatory training, provides high criteria level of obligations and procedures in selecting mediator and arbitrators, neutrals also have their own distinguish and individual speciality.⁸³

Sixth, financial integrity, AAA provides their own professional independent financial accountants, employees are obliged to comply with standards of ethics and business conduct. Compensations are only received after the case is handled, the assets are managed by external independent parties, the performance of the portfolio and its compliance with the investment policy is monitored by the investment committee and aside from public information, financial private information are unavailable to public including mediators and arbitrators.

Seventh, impartiality, directors and neutrals are not given special treatment in filing cases and doing their services and it is proven 95% of the cases are based on the name of administrative agency in clause, legislation, citations and rules in websites.⁸⁴

Eighth, information disclosure and dissemination, president's letter and financial statements that have been audited are disclosed, provides a website which gives information to the public, fees of service are published on the web and presented to clients.

Ninth, accessible process, there will be a fee reduction if it is proven that there is a financial issue with the party, for claims and counterclaims maximize at \$10.000 the fee of arbitrators are fixed in only \$750, fee of business consumer claim is not more than \$200.⁸⁵

Tenth, due process and fairness standard, in doing the cases, AAA managements are guided by the due process protocols, AAA reviews the contract clauses if it is found that deviates from the Consumer Due Process Protocol for cases under \$75.000 and it may reject if it does not abide to the protocols set by AAA.

Eleventh, clients complaints and feedback, as clients, parties, neutral may address any complaints and feedback by contacting case managers, vice presidents, and supervisors,

⁸³ *ibid.*

⁸⁴ *ibid.*

⁸⁵ *ibid.*

AAA regularly asking feedback by conducting surveys from educational program attendees and caseloads regarding their service.⁸⁶

A comparative analysis in accordance with UUPK, UU ITE, PP PMSE and UU AAPS shows that there are several principles that are not present in Indonesian regulations related to ODR.

The first principle of OECD and AAA, and the eight principles of AAA about transparency have been regulated in Article 3, Article 10(a), Article 17(1)(a), Article 20 of UUPK and Article 13(1) and (2) of PP PMSE. Reliable information under the second principle of OECD and the sixth principle of AAA have been regulated in Article 3, Article 4, Article 7, Article 9(1), Article 10(a), Article 17(1)(a), Article 20 of UUPK, Article 15(1) of UU ITE, Article 13(1) and (2) of PP PMSE. The third principle of OECD and all principles of AAA on effective dispute resolution mechanisms have been regulated in Article 4 and Article 23 of UUPK, also incorporated in UU AAPS as the legal basis of arbitration procedures in Indonesia. AAA's first principle on avoidance of conflict of interest is regulated under Article 18, Article 22, Article 24 of UU AAPS. Conflict management in the second principle of AAA is regulated in Article 4 of UUPK. Diversity and inclusion, based on the fourth principle of AAA, have been regulated in Article 4 of UUPK. Customer's complaints and feedback in the tenth principle of AAA have been regulated in Article 4 and Article 19 of UUPK along with Article 18, Article 26, Article 27 of PP PMSE.

Meanwhile, principles that are not present in current Indonesian regulations is the third principle of AAA about confidentiality; the fifth principle of AAA about proficient neutrals; the sixth principle of AAA about financial integrity; the seventh principle of AAA about impartiality; the eighth principle of AAA about accessible process; and the ninth principle of AAA about due process and fairness.

In conclusion, it is worth considering to include these principles in the current regulations to accommodate ODR in Indonesia in the near future.

⁸⁶ *ibid.*

The Benefits of Technology for Consumer Protection

Consumers' trust is a key factor in e-commerce transactions and the application of the right technology may help strengthen this, for example, trustmark seals. Trustmark seals is an auditing service to ensure a business and its policies on consumer protection are adequate enough to guarantee it. Approved businesses will be given certification on their order and shipping process, security and privacy, as well as return policies.

TRUSTe and BBOOnline are organizations that assess businesses regarding their disclosure and privacy standards as well as providing dispute resolution systems for safeguarding the rights of consumers.⁸⁷ The Ecommerce Europe Trustmark unifies and creates clear procedures by making a set of regulations and ensures consumers are aware of their rights. The organization aims to safeguard consumers when they are doing online transactions. More than ten thousand online stores have applied for their trustmark seal.⁸⁸

Trustmark seals help consumers be sure of the merchants they are dealing with. Trustmark seals also ensures that merchants complies with the best practice in terms of marketing practices, information about the goods/services and its transaction, security, accuracy and accessibility of information, privacy, cancellation/return/refund policies, complaints handling, redress or dispute resolution, warranty, unsolicited e-mail, customer service and/or support, and information about the merchant. Trustmark seals set the standard in electronic transactions and it helps customers feel safe and confident. Trustmark seals organizations are recommended to provide regular surveillance of merchant's compliance with the trustmark, by doing verification, auditing, and report.⁸⁹ Therefore, it is important for trustmark seals to be implemented in Indonesia through regulations if Indonesia wants to benefit from the growing e-commerce.

⁸⁷ Patton & Jøsang, "Technologies for Trust,"

⁸⁸ <https://www.ecommercetrustmark.eu/>

⁸⁹ American Bar Association, "Addressing Disputes in Electronic Commerce," p. 438

CONCLUSION

The regulations related to consumer protection are outdated but, substantially, it holds the essence of consumer protection that should protect consumers. While the regulations may be inconsistent or contradict other regulations, the rights of consumers have been clearly stated in the regulations. The problem is ineffective enforcement. A law is useless if it cannot be enforced.

To prevent a problem like the GrabToko case from happening again, the government should tighten up the corporation registration process to minimize as many ill-intended corporations as possible in the market. A strict process does not have to be inefficient. This should allow consumers not having to worry whether a corporation is legitimate or not as the number of illegitimate corporations should be suppressed. Alternatively, the government could give a sign to corporations that have gone through extensive background checks. The sign should be easily identified by consumers without much effort for them. Consumer awareness of their rights and their capability to protect themselves against fraudulent corporations are also important factors but it has not been successfully socialized.

As it stands right now, consumer protection organizations are not capable and well organized to do their responsibilities, evidently so from the GrabToko case. The consumers were deceived and the law failed to protect and compensate them. Changes should be made in order to improve their effectiveness and efficiency.

Even with multiple complaint services, the consumers did not manage to get their rightful compensation. It is also not efficient in terms of administration. All consumer disputes should be directed to BPSK because it is the organization with the authority to settle those disputes. BPKN and LPKSM should be focused on their other responsibilities and leave dispute settlement to BPSK. The implementation of ODR should help BPSK in providing protection to consumers. Consumers could simply submit their complaints through a single channel. Physical offices should be prioritized for cities that do not have access to the internet.

As for its jurisdiction, the regulations do not differentiate between traditional transactions and e-commerce transactions. As long as the requirements in the regulations are

fulfilled, BPSK should be able to settle both kinds of transactions. Still, e-commerce transactions are unique in their own ways, UUPK should be amended accordingly to address e-commerce transactions.

ODR should be implemented in Indonesia because it has significant benefits for dispute settlement. Several Indonesian regulations already serves as a foundation for ODR, like UU AAPS and PP PMSE. There are international organizations that already exercise ODR and they can be used as reference. While Indonesia has regulations that could serve as the foundation for ODR, it is not a concrete foundation yet. The existing regulations do not differentiate between conventional commerce dispute resolution and e-commerce dispute resolution. E-commerce is a complex matter by itself. It needs further legal reinforcement by enacting a new regulation specifically for ODR. There is no institution that handles ODR. If there is a specific regulation on ODR, there should also be an institution for it too. The institution could be independent or it could be placed under BANI. In order for ODR to work, the public will need access to it which requires an electronic device and adequate internet connection that not all people have because of underdeveloped infrastructure.

As discussed above, it is important for trustmark seals to be implemented in Indonesia. The implementation of trustmark seals has been proven in Europe hence why it should be applied in Indonesia. With a growing e-commerce, a better security measure should be considered to minimize further fraudulent transactions. On the other hand, it will encourage merchants to practice good business ethics.

Therefore, the government should join in this matter by formulating and enacting a regulation on trustmark seals to encourage the use of trustmark in Indonesia along with an institution to supervise it. Another reason is the right of consumers to receive legal protection in their transactions. A proper trustmark regulation must be thought carefully as to not leave any gap for abuse by malevolent parties which will cause losses for consumers.

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