

## Original Research Article

## E-Commerce Consumer Protection in the Digital Economy Era

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**Abstract:** E-commerce is widely known by the public, including in the Tulungagung district. The convenience offered by the trading model through internet media makes all potential buyers more interested in making buying and selling transactions through this online medium. However, the need for consumer awareness and knowledge of their rights makes consumers often disadvantaged. For this reason, local governments are expected to have efforts to protect e-commerce consumers. To find out about the protection efforts carried out by the Tulungagung district government for e-commerce consumers, a qualitative research approach was carried out by collecting data through observation and in-depth interviews with informants.

**Keywords:** Consumer protection, E-Commerce, Digital Economy Era.

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### INTRODUCTION

This very rapid technological development has brought many changes to the lifestyle of some Indonesian people. The internet is no longer a new thing in technological growth and development. The development of the digital world, especially the internet, has now expanded to all aspects of human life. (RC Nursari & Immanuel, 2017). Likewise, in the field of trade, the internet has begun to be widely used as a medium for business activities, mainly because of its contribution to efficiency. Trading activities through internet media are popularly known as electronic commerce (Huda, 2022). Recent years, trading through internet media (E-commerce) has been increasingly prevalent in Indonesia. People compete to reap more profits and income by utilizing this information technology. Undeniably, trading through internet media (E-commerce) is one of the most attractive alternatives for consumers to shop besides physical shopping (E. Hariyanto, 2009). Online transactions can connect sellers and prospective buyers directly without being limited by space and time. That means online sales transactions have potential buyers from all over the world. Prospective buyers can save time and costs because they do not have to come to the store or place of the transaction, so they can make decisions quickly from where they are seated (Pane & Sadar, 2015). Indonesia has quite promising potential and prospects for e-commerce development. Internet users in Indonesia in mid-2007 were approximately 18-20 million users. This number increased significantly until

2010 when internet users reached 45 million (Tashia, 2017). In the last four years, e-commerce growth has reached 500 percent. Ignatius said that with this extraordinary growth, Indonesia is predicted to have 12 billion e-commerce transactions in the coming year (Elfanso & Monica, 2023).

For business people, online business (E-marketing) is considered attractive because it does not require significant capital, a large market because the internet can be accessed by consumers worldwide, and others. Shopping at online shops is considered more attractive for consumers because the prices are usually lower than physical shopping. Using a sales website, the products being sold can be seen easily, anywhere and anytime, with the help of a computer and internet network. Online business (E-marketing) also has risks in it, risks for sellers and buyers. Whether it is sellers who are deceived or buyers who are deceived. There are also various fraudulent practices. For the buyer, generally, the goods paid for are not sent by the seller, or it could also be that the goods sent by the seller do not match the goods paid for. In addition, there are actually still many modes of fraud committed by both buyers and sellers, such as Scams, Phishing, Hacking and Cracking, Carding, Sales of cheap goods, and others (UKM Business, 2011).

The presence of E-commerce provides extraordinary comfort to consumers because consumers do not need to leave the house to shop. Besides, the

choice of goods/services also varies with relatively lower prices. This is a challenge that is both positive and negative. It is positive because these conditions can benefit consumers to choose the goods/services they want freely. Consumers can determine the type and quality of goods/services. It is said to be negative because these conditions cause the position of consumers to be weaker than that of business actors. Consumer rights that business actors ignore need to be scrutinized (Brotosusilo, 2017). If seen further, it turns out that consumers are not only faced with the problem of weak awareness and ignorance (education) of their rights as consumers. The rights referred to, for example, are that consumers need an explanation about the benefits of the goods or services consumed. More than that, consumers do not have a balanced bargaining position with the business actors. This can be seen in the standard agreements ready to be signed and the standard clauses or standard provisions that are non-informative and non-negotiable. (Barkatullah, 2019)

Based on the above conditions, efforts to empower consumers are significant. To realize consumer empowerment will be very difficult if you expect awareness from business actors first. The government must formulate a legal basis for electronic commerce or e-Commerce, even though it is not a mandate of the ITE Law. However, it is a mandate of the Trade Law (article 66, paragraph 4) and refers to the ITE Law and the Consumer Protection Law (D. Paryadi, 2018). Apart from that, the development of fast-growing E-Commerce requires a legal basis and protects consumers, producers, and e-Commerce players (Wariati & Susanti, 2014). Tulungagung Regency is one of the cities where most people are familiar with e-commerce. And not infrequently, some people experience losses in e-commerce transactions. For this reason, the Tulungagung district government should be able to take a more active role in protecting e-commerce consumers.

## RESEARCH METHODS

The research approach used in this study is qualitative because qualitative methods are more capable and easier to adjust when dealing with multiple realities. This method presents the nature of the relationship between the researcher and the respondent directly, and this method is more sensitive so that it can adapt and a lot of mutual sharpening influences on the value patterns faced by the researcher. This research focuses on the role of the Department of Industry and Trade in protecting consumers in e-commerce in Tulungagung Regency and starting from strategy, supervision, and handling procedures in carrying out the role of protecting consumers in e-commerce in Tulungagung Regency. Recording this data source through interviews and observations results from a combination of seeing, listening, and asking. The answers to the questions posed to the research subjects were recorded as the primary data during the research

process at the Office of Industry and Trade of the Regency. Tulungagung and at the office of the Indonesian Archipelago Consumer Protection Agency (LPKNI) Kab. Tulungagung.

## RESULTS AND DISCUSSION

Consumer protection is all efforts that guarantee certainty law for consumer protection, according to AZ. Nasution, SH (2004: 19) states that consumer protection is the general principles and legal rules that regulate and protect consumers in their relationships and problems with consumer goods and service providers. Government is an institution that has the power to govern. This government has more power than the governed. However, the supervisory function mandated by the trade law is only limited to general trade, not e-commerce trade, which has different characteristics from conventional trade. Neglecting this supervisory function can be a loophole for violations in e-commerce transactions. In carrying out the government's role in protecting consumers, one of the supporting factors is public understanding and awareness of e-commerce. If the public understands e-commerce and knows the rights that must be obtained as consumers, it will make it easier for the government to carry out its role in protecting consumers in e-commerce (Sommaliagustina, 2018). Because public understanding and awareness in follow-up reporting on the problems they face in e-commerce transactions encourage the government to play an active role in carrying out its duties in protecting consumers, especially e-commerce (Yahya, 2014).

Based on the results of interviews conducted by researchers, the people of Tulungagung Regency understand their rights as consumers but still need to learn how to obtain their rights as consumers. In this case, the role of the district government in protecting e-commerce consumers needs to be maximized again because the results of interviews from several sources who have shopped online need to learn how to follow up on handling crimes that occur in e-commerce transactions. The Tulungagung district government has made several efforts to protect consumers in e-commerce trade, including the following: 1.) Strategy for Prevention of Increasing Fraud in E-Commerce Transactions Conventional consumer protection has been carried out optimally by the Tulungagung Regency Government. Likewise, with e-commerce consumer protection, the Tulungagung Regency Industry and Trade Service have collaborated with the Indonesian Archipelago Consumer Protection Agency (LPKNI). It has implemented a prevention strategy that has been prepared so that fraudulent e-commerce transactions do not increase.

The government has carried out its role in protecting consumers in e-commerce transactions with the strategies that have been made, namely first, Outreach about e-commerce. The government's active

role in outreach is vital in increasing the knowledge of the people of Tulungagung Regency about e-commerce. With this, the community will learn more about what e-commerce is and how to shop online properly and correctly. Second, provide education about the crimes that exist in e-commerce. By providing education about the crimes that exist in e-commerce, the public will be more careful in shopping online to reduce the increase in fraud in e-commerce transactions. Third, Monitoring and increasing public awareness of e-commerce transactions. Raising awareness and providing supervision of the public in e-commerce is very necessary so that the public will be aware that the active role of the community in reporting e-commerce crimes is an essential factor in encouraging the government to play an active role in carrying out its role, namely providing supervision and protection to consumers.

Procedure for Handling the Tulungagung Regency Government on E-Commerce Transaction Fraud. In handling the Tulungagung Regency Government in collaboration with LPKNI and the authorities or the police. The handling procedures are: 1.) Reporting, consumers at this stage prepare all proof of transactions. Proof of the transaction can be e-mail notifications, all conversations on WhatsApp, Line, BBM, and the like, account names, usernames, login history, all data provided by fraudsters, and proof of transfers. With that evidence, the police can trace business actors. 2.) To write a fraud report, the reporter must write down a detailed chronology of events, attached with all the evidence of the transaction earlier. Sign and attach the seal to strengthen it legally. Remember everything in this report because every piece of information and data will help the investigation process. If necessary, photocopies of reports and all attached evidence. 3.) In the Follow-up Process, the next stage is that LPKNI reports to the authorities or the police to investigate and trace the identity of business actors who have committed online fraud. 4.) The process of solving problems, in an effort to solve consumer problems can be explained in article 45 paragraph (2) UUPK which reads: "Consumer dispute resolution can be reached through or out of court based on the voluntary choice of the parties to the dispute." Based on the interviews, the authors conclude that consumers involved in online fraud cases prefer peaceful settlement of problems because they are more accessible and faster than legal or court settlements. In courts, problem-solving for simple, small-scale cases is not a practical option. In addition to the relatively high costs of the case, the process of solving the problem uses formal procedural law and takes a long time. Settlement of cases in court often does not provide justice or satisfaction for the disputing parties.

In carrying out its role to protect e-commerce consumers, the Tulungagung Regency Government must have support and inhibiting factors. The following is a discussion of the supporting and inhibiting factors

according to the research results. Supporting factors divided by 1.) Increasingly sophisticated social media Today's increasingly sophisticated social media is the primary driver to make it easier for the government to play an active role in socializing and educating the people of Tulungagung Regency about e-commerce, such as Youtube, Facebook, Twitter, Instagram, websites, and others. Even without meeting face-to-face with the public, the government can protect e-commerce consumers, namely, coaching and supervision using social media. 2.) The factor of the law is clear about the protection of e-commerce consumers. Clear UUPK can be used as a reference for the government in determining strategy and carrying out its role in protecting e-commerce consumers, namely coaching and supervision. The existence of UUPK is beneficial for the government in carrying out its role in protecting consumers in e-commerce. E-consumer protection commerce using approach law Number 8 of 1999 concerning Consumer Protection (UU PK) and Government Regulation Number 82 of 2012 concerning Implementation of Electronic Systems and Transactions (PP PSTE). Currently, the law governing the protection of e-commerce consumers has yet to be expressly regulated. So with the very rapid development of e-commerce, it is necessary to have a law that regulates clearly and unequivocally.

For Obstacle factor, divided by 1.). Facilities and infrastructure, One of the inhibiting factors is inadequate facilities and infrastructure. Facilities and infrastructure also determine the success or failure of the role of the Tulungagung Regency Government in protecting e-commerce consumers. 2.) Human Resources (HR) Consumer awareness in actively reporting e-commerce transaction crimes is a significant supporting factor in the government's role in protecting consumers. If there is no consumer awareness in reporting these crimes, the government will not be motivated to play an active role in consumer protection. One factor that is very influential in the success of the Tulungagung Regency Government's goals in consumer protection is the community's actions in following up on problems in e-commerce transactions, namely whether people want to report the problem to the government actively. There are several reasons why consumers who are victims of online fraud do not report, including they feel lazy to bother going to the police, because they are considered a waste of time, they feel that the loss is insignificant, so they are reluctant to exaggerate the case, they do not know how to report it. In fact, by not reporting the case, fraudsters are increasingly rampant. The loss for each consumer may be insignificant. However, imagine if the number of victims reaches hundreds or even thousands. Of course, cybercriminals will reap extraordinary profits. Because there are no victims to report, cybercriminals are more free to carry out their actions, even with much larger plots and networks. It was difficult for the police

to catch them because there were no reports from the victims.

## CONCLUSION

Consumers in e-commerce have a greater risk than business actors. In other words, consumer rights in e-commerce are very vulnerable, so consumers in e-commerce are in a weak bargaining position. So it requires the government's active role in e-commerce, especially consumer protection. The main principle of online transactions in Indonesia still emphasizes the aspect of trust (trust) between sellers and buyers. The guarantee of the security and reliability of e-commerce websites has not become a primary concern for sellers and buyers, especially for small to medium-scale transactions with a nominal transaction value that is manageable. Some of the strategies of the Tulungagung Regency Government in protecting consumers in e-commerce include: Providing education to the public about e-commerce, Monitoring and increasing public awareness about cybercrime, and providing legal protection to consumers from deceptive and misleading business practices. The Tulungagung Regency Industry and Trade Office are currently working with LPKNI to increase the knowledge of the Tulungagung Regency community by conducting outreach and education directly to villages in the Tulungagung Regency area and through social media. Consumer protection in e-commerce uses the primary approach to Law Number 8 of 1999 concerning Consumer Protection (UUPK) and Government Regulation Number 82 of 2012 concerning the Implementation of Electronic Systems and Transactions (PP PSTE)

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