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Legal Protection For Businesses Against Sustainable Innovation In The Digital Realm

Hendro¹, Wieke Dewi Suryandari², Lamijan³

¹ Universitas Darul Ulum Islamic Centre Sudirman GUPPI, Indonesia
Email: hendroliu8888@gmail.com

² Universitas Darul Ulum Islamic Centre Sudirman GUPPI, Indonesia
Email: wiekedewi11@gmail.com

³ Universitas Darul Ulum Islamic Centre Sudirman GUPPI, Indonesia
Email: imamlamijan@gmail.com

Corresponding Author: hendroliu8888@gmail.com

Abstract: The buying and selling process can now be through non-physical transactions or employing digital media. Physical transactions require buyers and sellers to meet to exchange goods or services directly. However, problems arise when sellers are located outside the area, making it difficult for buyers to access them. Technological advances provide solutions for buyers and sellers who are separated by distance through E-Commerce. E-commerce offers many conveniences in marketing goods or services. Sellers can market their products widely by providing various variants. Marketing via e-commerce does not require a physical store to display products, thereby reducing costs. Meanwhile, buyers can also easily choose the products they want. However, the facts in the buying and selling process via social media generate a risk of loss for consumers and business actors due to the possibility for fraud that could be performed by one of the parties. Losses experienced by business actors are caused by failure to fulfill the achievements that should be carried out by the consumer. It is because numerous people do not understand the principles of security in online transactions, such as verifying the identity of the merchant or customer, security in payment procedures, and other factors that can help deter crime. As a result, criminal cases often occur which cause losses in the digital market, as if cyberspace has no legal rules. The presence of Law Number 19 of 2016 concerning amendments to Law Number 11 of 2008 concerning Information and Electronic Transactions and Law Number 8 of 1999 concerning Consumer Protection is a solution to protect actors who transact in E-Commerce.

Keyword: Business Actors, Digital Domain, Legal Protection.

INTRODUCTION

The development of an increasingly modern era is always balanced with sophisticated technology, one evidence of technological sophistication in the current era is E-Commerce. E-commerce, which stands for Electronic Commerce, is the process of buying and selling

goods or services via the Internet. The process involves various activities such as online transactions, electronic payments, digital delivery, and customer service provided online. E-commerce has changed the way businesses operate and consumers shop, enabling cross-border transactions and easy access to a variety of products and services. E-Commerce is present on various platforms in Indonesia such as online retail websites, online marketplaces, standalone E-Commerce stores, and mobile applications that allow direct purchases.[1]

Users of E-Commerce are very high according to the public that with E-Commerce, consumers do not need to go to the shop because consumers can see goods from the E-Commerce platform. Besides that, according to consumers, many E-Commerce sites offer more competitive prices compared to physical stores, it is due to low operational costs, and E-Commerce often provides discounts or special offers. Naturally, E-Commerce is growing very rapidly, according to statistics reports regarding data on E-Commerce users in Indonesia, it is predicted to increase to 189.6 million users by 2024.[2]

Based on the explanation above, E-Commerce is a buying and selling transaction activity via the internet media which is executed without face-to-face contact between the two parties, they only base the buying and selling transaction on a sense of trust in each other so that a buying and selling agreement occurs between consumers and business actors done electronically. The high use of E-commerce in Indonesia can be explained by several interrelated factors, the following are the factors:

a. Indonesia's large population and economic growth.

Indonesia has a large population with a growing middle class, steady economic growth supports the increased purchasing power of consumers, encouraging them to look for more convenient ways to shop.

b. Internet and smartphone users.

Internet users in Indonesia continue to increase, especially thanks to the growth in smartphone use. With smartphones, consumers can access e-commerce anytime and anywhere, thereby encouraging the growth of e-commerce users.

c. E-commerce infrastructure that continues to develop.

E-commerce infrastructure in Indonesia has developed rapidly, including digital payment systems, logistics, and delivery services. This makes it easier for consumers to purchase and receive products online.

d. Changes in Consumer Behavior

The COVID-19 pandemic has changed consumer behavior, with more people choosing to shop online to reduce physical contact and avoid crowds. While the pandemic may have been a catalyst, the online shopping trend remains popular even afterward.

e. Variety of E-Commerce Platforms

Indonesia has various e-commerce platforms that serve various market segments, from large marketplaces such as Tokopedia, Shopee, and Bukalapak to independent online stores and social media platforms used for sales. This diversity gives consumers many choices.

f. Promotions and lots of discounts

Many e-commerce platforms in Indonesia offer big promotions, discounts, and aggressive marketing campaigns, such as National Online Shopping Day (Harbolnas), and promotions on unique dates such as 11.11 and 12.12. This attracts many consumers to participate.

g. Ease of payment

Diverse payment methods, such as e-wallets, bank transfers, and credit cards, make online transactions easier. The increasing use of e-wallets such as OVO, GoPay, and DANA is also driving e-commerce growth.

The combination of these factors has created a conducive environment for the growth of e-commerce in Indonesia. E-commerce has gained popularity not only in urban areas but in remote locations as well, thanks to advancements in internet access and logistics infrastructure. However, social media-based buying and selling processes present a risk of fraudulent activity, which can lead to losses for both consumers and business owners. If consumers fail to fulfill their obligations, business owners may suffer losses. The root cause of this issue is a lack of understanding of online transaction security principles, such as identity verification, secure payment methods, and other factors that help prevent fraud. Consequently, criminal cases often occur in the digital market, seemingly outside the bounds of legal regulation.

The presence of Law Number 19 of 2016 concerning amendments to Law Number 11 of 2008 concerning Electronic Information and Transactions is a solution to protect perpetrators who transact in E-Commerce, the Law also discusses legal remedies and dispute settlements in E-commerce transactions. In several cases, losses do not always affect consumers, but also business actors due to the behavior of consumers who often use E-Commerce to gain profits in inappropriate ways. Apart from that, there is also Law Number 8 of 1999 concerning Consumer Protection, the Law regulates the obligations of consumers in carrying out transactions in good faith, and it also regulates the rights of business actors.[3]

Based on the background description above, an interesting discussion is what is the form of legal protection for business actors regarding sustainable innovation in the digital realm?

METHOD

Method

The research method used is normative juridical. Library law research is legal research carried out by examining library materials or secondary data, then applied to the research problem, namely Legal Protection for Business Actors in E-Commerce so that the presentation is based on principles and theories and doctrine and legislation.[4]

Approach

The normative juridical approach, namely the method used to investigate problems in terms of law and statutory regulations, including rules that can be used as a basis for examining problems and their legal consequences. In this case, it is Law Number 19 of 2016 concerning Amendments to Law Number 11 of 2008 concerning Information and Electronic Transactions.

The normative juridical approach is carried out on certain statutory regulations or written laws, which are related to the concept of law enforcement through electronic transactions. This research describes the situation of the object being studied, namely focusing on regulations and the concept of legal protection for business actors in the digital realm.

RESULT AND DISCUSSION

Legal Relationship Between Business Actors and E-Commerce Platform Providers.

The buying and selling process can now be carried out through non-physical transactions or using digital media. Physical transactions require buyers and sellers to meet to exchange goods or services directly. However, problems arise when sellers are located outside the area, making it difficult for buyers to access them. Technological advances provide solutions for buyers and sellers who are separated by distance through E-Commerce. E-commerce offers many conveniences in marketing goods or services. Sellers can market their products widely by providing various variants. Marketing via e-commerce does not

require a physical store to display products, thereby reducing costs. Meanwhile, buyers can also easily choose the products they want.

E-commerce is a digital platform that is growing rapidly throughout the world. With E-Commerce, consumers can buy products efficiently because it saves time and energy. One of the reasons E-Commerce is in demand by many people is because of the many types of goods sold and the discounts given are quite large, these two reasons are attractive to consumers. With the existence of E-Commerce, consumers can shop anywhere at any time, making it easier for consumers to shop, competition for business actors in the digital realm is also increasing because many consumers shop in the digital realm. There are 6 stages in the marketplace mechanism, namely:

1. Buyers order the goods they want through the marketplace
2. After the buyer getting the goods, the buyer will get an invoice which must be paid by filling in an electronic form by marketplace regulations
3. After receiving the notification order, the seller as a business actor will send the product via Expedition according to the address stated in his data.
4. Consumers will receive goods that have been sent by business actors.
5. The buyer will confirm receipt of the product that has been received by the consumer
6. After the buyer confirms that the goods have been received, the final step is that the marketplace continues payment to the seller.

Business actors and e-commerce platform providers have a contractual legal relationship. In this relationship, the two of them bind each other and agree to use the e-commerce platform services. This contract covers various aspects, such as applicable terms and conditions, rights and obligations of each party, fees to be paid, and other relevant matters. The contract between the business actor and the E-Commerce platform provider includes the terms and conditions that will be applied, the rights and obligations of the parties, the fees that must be paid, and so on.[5]

The contract between the business actor and the e-commerce platform provider must be at the point of agreement between the two parties, when one party does not agree then the contract is invalid, if there is an agreement then both parties must try to fulfill the contents of the contract, if one of the parties If there is a default, the party must be responsible for what was agreed at the beginning. Regulations regarding electronic contracts between sellers and E-Commerce service providers can be analyzed through the legal terms of the agreement which have been regulated in Government Regulation Number 71 of 2019 concerning the implementation of electronic systems and transactions, the following are the legal terms of the agreement:

1. Electronic contracts in Indonesia must meet the legal requirements applicable in Indonesia.
2. The creation of electronic contracts must comply with applicable laws regarding data protection.
3. Electronic contracts must follow applicable rules regarding protection against detrimental parties.
4. Electronic contracts must have an agreement made and agreed to by both parties.
5. Electronic contracts must include the agreement date and validity period
6. Electronic contracts must include the identities of the parties involved
7. Electronic contracts must include information regarding the obligations and rights of both parties
8. Electronic contracts must follow applicable rules regarding legal compliance
9. Electronic contracts must have clear cancellation procedures.
10. Electronic contracts must include clear information on how to resolve disputes.

The cooperation agreement between business actors and e-commerce platform providers is a partnership relationship with a profit-sharing system, where part of the income from sales is obtained by the business actor and the other part goes to the company. In this partnership agreement, a legal relationship exists that mutually benefits both parties, both the business actor and the E-Commerce provider. Apart from that, the position of both parties is equal in the eyes of the law, but many out there think that the E-Commerce provider has a higher level because they think that they have provided a platform that business actors must follow and comply with every existing rule or policy unilaterally. It is a form of arbitrariness from E-Commerce platform providers.

The working relationship between business actors and E-Commerce providers is mutually beneficial, in this work relationship business actors are not given salaries by the E-Commerce platform provider, but business actors use their platforms as a place to sell to earn income. Then the E-Commerce platform provider increases admin fees from business actors to gain profits. If viewed from a legal perspective, the relationship between business actors and E-Commerce platform providers is cooperation and granting authority to E-Commerce platform providers in cooperation agreements, it is regulated in Article 1320 of the Civil Code and Law Number 11 of 2008 concerning Information and Transactions. Electronics.[6]

Legal Protection for Business Actors in the Digital Realm.

E-commerce is an activity related to buying, selling, and marketing goods or services using electronic systems such as the Internet or computer networks. The internet has an important role in electronic transactions, no internet means no electronic transactions occur. The internet is a digital screen that can connect several aspects of it. In this modern era, the internet is not only used for browsing and playing games, but the internet has now become the right business platform for generating profits.

The presence of E-Commerce in Indonesia is a special attraction for business people and consumers in buying and selling. E-commerce is a form of convenience in selling and buying, the impact of increasingly modern technological advances so that consumers will be more selective in determining the products they will buy, apart from that the impact received by business actors is that it is easier to market products so that they can save time and costs, it can be seen that the advantages of E-Commerce compared to conventional stores are as follows:

1. Fast product sales.
2. Has a variety of product sales.
3. Easy access to search for the product you want.
4. The number of promotions is compared to products in conventional stores.
5. The best thing is that transactions can be done anywhere and at any time.

Apart from the advantages of using E-Commerce, there are also disadvantages of E-Commerce which can result in losses for consumers and business actors, as follows:

1. Minimal security regarding personal data.
2. The emergence of passive fraud risks.
3. It is possible that the goods sent do not match what the consumer purchased.

Lack of security in the E-Commerce system, or fraud committed by consumers, resulting in business actors experiencing losses. Things like this must be prevented, and we hope that business actors will receive legal protection. Article 29 of Law Number 8 of 1999 concerning Consumer Protection regulates the protection of parties engaged in E-Commerce transactions. It stipulates that the government is responsible for promoting consumer protection, ensuring the rights of consumers and business actors, and enforcing their obligations.

Furthermore, it also regulates the rights and obligations of business actors as stated in Article 6 and Article 7 of Law Number 8 of 1999 concerning Consumer Protection. The perpetrator's rights are as follows:[7]

- a. The right to receive payment by the agreement regarding the conditions and exchange value of goods and/or services traded.
- b. The right to obtain legal protection from consumer actions with bad intentions.
- c. The right to carry out appropriate self-defense in the legal resolution of consumer disputes.
- d. The right to rehabilitate one's good name if it is legally proven that the consumer's loss was not caused by the goods and/or services being traded.
- e. Rights regulated in other statutory provisions.

Furthermore, Article 7 of Law Number 8 of 1999 concerning Consumer Protection states that the obligations of business actors are:[7]

- a. Has good intentions in carrying out its business activities.
- b. Provide correct, clear, and honest information regarding the condition and guarantee of goods and/or services as well as providing explanations of use, repair, and maintenance.
- c. Treating or serving consumers correctly and honestly and not discriminatory.
- d. Guarantee the quality of goods or services produced and/or traded based on the provisions of applicable quality standards for goods and/or services.
- e. Provide consumers with the opportunity to test, and/or try certain goods and/or services as well as provide guarantees and/or warranties for goods made and/or traded.
- f. Provide compensation, compensation, and/or reimbursement for losses resulting from the usage, service, and utilization of traded goods and/or services.
- g. Provide compensation, compensation, and/or replacement if the goods and/or services received or utilized are not by the agreement.

Protection and regulations related to the protection of business actors are very necessary along with the development of E-Commerce in Indonesia. Protection for business actors is very important because currently many violations and irregularities can harm business actors. If business actors feel they have been harmed by consumers, according to Article 5 of Law Number 8 of 1999, consumers must pay compensation according to the agreed value. Protection of Business Actors There are no regulations that regulate it in detail, therefore if a dispute occurs that is detrimental to business actors, they can use Law Number 8 of 1999 concerning consumer protection.[8]

Legal protection in an E-Commerce agreement is usually a document made by the merchant that contains rules and conditions that must be complied with by the customer but the contents do not burden the customer, this document is used as legal protection for both parties. Legal protection for merchants, especially in terms of payments, emphasizes clear and structured processes. Merchants require customers to make full payment before confirming a purchase. Only after payment is confirmed, the merchant will send the goods ordered by the customer.

Apart from that, there is also legal protection for business actors regarding intellectual property rights, for the domain names they own, as in Article 23 of Law Number 11 of 2008 concerning Electronic Information and Transactions. This article is quite important because electronic information has economic value for the creator or designer. Consumers and business actors are the parties who must receive legal protection. The legal system must ensure a fair position, where the relationship between consumers and business actors is in a position that requires each other and has a fairly high level of dependence on each other.[9]

CONCLUSION

The presence of the Internet provides significant benefits to humanity, including Indonesian society, which highly appreciates the effectiveness of internet usage. One of these

benefits is the existence of public services such as e-commerce. The digital system is believed to greatly assist human activities daily through the Internet. E-commerce is the activity of buying and selling transactions through internet media conducted without face-to-face interaction between the two parties; only based on their transactions on mutual trust, so that the buying and selling agreements between consumers and business operators are done electronically. People tend to favor e-commerce transactions because of their fast, easy, and efficient processes, as well as not requiring direct meetings, which means they can save time and energy. However, with the growth of e-commerce, especially in Indonesia, increasingly complex problems arise related to the rights of business operators often violated by e-commerce platform providers. In Indonesia, Law Number 8 of 1999 concerning Consumer Protection has been regulated to protect not only consumers but also business operators.

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