

## Consumer Protection and The Implementation of Sanctions in Online Transactions

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### Abstract

Law No. 1 of 2024 on Information and Electronic Transactions aims to strengthen consumer protection in Indonesia, particularly in the realm of electronic transactions, which have rapidly evolved alongside digital transformation. While this law provides a clearer legal framework for safeguarding consumer rights, its implementation faces several challenges. Key obstacles include low digital literacy among the public, non-compliance by some business actors with the obligations set forth, and limitations in supervision and law enforcement. These factors prevent optimal protection of digital consumer rights. Therefore, collaboration among the government, businesses, and society is essential to address these barriers. Increasing digital literacy through public education programs, enhancing the capacity of oversight agencies, and imposing stringent sanctions on violators are crucial steps to improve the law's implementation. Additionally, allocating more resources to strengthen surveillance technology and the capacity of relevant agencies is necessary. With these measures, Law No. 1 of 2024 is expected to function more effectively in protecting consumers, creating a safer electronic transaction ecosystem, and boosting public confidence in digital services in Indonesia.

Keywords: Consumer Protection, Digital Literacy, Legal Oversight

## INTRODUCTION

Digitalization has changed the way people interact and transact, with many consumers now turning to online platforms to fulfill their needs. Although electronic transactions provide convenience and speed, this phenomenon also carries various risks, one of which is the issue of personal data security, which is increasingly prominent in the world of e-commerce. Along with the increasing use of digital platforms, data leakage incidents on e-commerce platforms have become one of the important issues that harm consumers financially and psychologically. For example, several cases of data leakage that occurred on large e-commerce platforms, where consumers' personal information was used illegally for fraudulent activities or identity theft, reflect the urgency of protecting personal data in online transactions.

Law No. 1 of 2024, which is the second amendment to Law No. 11 of 2008 concerning Information and Electronic Transactions (ITE), seeks to provide greater protection for consumers in the digital world, especially regarding personal data and transparency of information in online transactions. As stated by Hakim (2024), "This law is a crucial step forward in addressing the need for more specific and comprehensive digital consumer protection." Law No. 1 of 2024 not only regulates consumer rights to access correct information, but also requires electronic system organizers to protect consumers' personal data from misuse by third parties. This is very important, considering that misuse of personal data and misleading information are two major problems that consumers often face in online transactions (Rani Yuwaf, 2022).

Although Law No. 1 of 2024 provides a stronger legal basis, its implementation still faces challenges, especially related to the low digital literacy of the community and limited supervision of online business actors. Handayani (2023) highlighted that "low digital literacy is the main obstacle in implementing consumer protection in the digital space." People who do not understand their rights, especially related to personal data protection, often become victims of data leaks that harm them. The case of data leaks on e-commerce platforms emphasizes the importance of clear regulations and strict implementation so that consumer rights are protected. This study aims to analyze how Law No. 1 of 2024 addresses this challenge, as well as evaluate whether the sanctions stipulated in the law are effective in providing a deterrent effect for business actors who violate consumer rights, especially related to personal data protection. Thus, this study is very important to understand the extent to which this regulation can provide better protection for consumers in online transactions and identify implementation barriers that need to be overcome.

Law No. 1 of 2024, which is the second amendment to Law No. 11 of 2008, aims to strengthen consumer protection in the digital era which is full of various risks. This law includes new provisions related to electronic information and online transactions, providing more protection for consumers from fraud and data misuse. According to Hakim (2024), "this law is a crucial step forward in responding to the need for more specific and comprehensive digital consumer protection." The adjustment of this law is expected to reduce risks and improve the monitoring system for electronic transactions. This law also regulates consumer rights in online transactions, such as access to accurate information and protection of personal data. This is important because misleading information and data misuse are two major problems that consumers often experience in online transactions. Through these new provisions, it is hoped that there will be improvements in the transparency of product information and guarantees that consumer data will be protected from misuse by business actors. Thus, Law No. 1 of 2024 not only strengthens consumer rights but also provides a strong legal basis for law enforcement in supervising online transactions.

Although Law No. 1 of 2024 has been passed, its implementation still faces various challenges, including the lack of digital literacy among the public and weak supervision of

online business actors. Many consumers do not fully understand their rights in electronic transactions and do not know what steps to take if their rights are violated. Handayani (2023) stated that "low digital literacy is the main obstacle in implementing consumer protection in the digital space, because the public does not have adequate knowledge about the risks and their rights." This weakness hinders the effectiveness of the law in optimally protecting consumers. Supervision of online business actors is also still an obstacle, considering the large number of transactions that occur in cyberspace that are difficult to monitor directly. Without strict supervision, unscrupulous business actors can take advantage of this situation to harm consumers. In addition, law enforcement against online transaction violations is also sometimes difficult due to limited access to the necessary data and evidence. This challenge shows that even though Law No. 1 of 2024 already exists, further efforts are needed to overcome implementation obstacles so that consumer protection in the digital world can truly be realized.

The urgency of this research lies in the importance of consumer protection in the rapidly developing digital era, where online transactions and the use of electronic information have become an inseparable part of people's lives. Although Law No. 1 of 2024 has provided a stronger legal basis for protecting consumers in electronic transactions, its implementation and effectiveness still need to be studied further. With various challenges that exist, such as low digital literacy and weak supervision of online business actors, this research is important to understand the extent to which this regulation can meet its objectives and find solutions to overcome obstacles in its implementation, in order to create a safe and fair digital ecosystem for consumers.

## **RESEARCH METHODS**

The research method used in this study is a normative legal approach with the aim of analyzing in depth consumer protection for electronic information and online transactions based on the provisions of Law No. 1 of 2024. The normative legal approach focuses on the analysis of legal texts, laws and regulations, and other legal documents as the main source for understanding applicable regulations. Marzuki (2017) stated that "the normative approach aims to examine the legal principles and norms that regulate a phenomenon," so this method is very relevant in understanding regulations governing consumer protection in the digital realm.

The data in this study were obtained through a literature study covering Law No. 1 of 2024, related legal documents, and relevant academic literature. With this method, research can identify various articles in the law related to consumer rights in electronic transactions. Soekanto (2015) emphasized that "normative research prioritizes the study of written documents which are the main source of legal regulations." In addition, the analysis was carried out qualitatively to understand the objectives and implementation of the law, as well as to identify potential weaknesses in its application. Ali (2019) explains that "qualitative analysis in normative research functions to interpret the law according to the purpose of its formation," so that it can strengthen understanding of consumer protection in electronic transactions.

## **RESULT AND DISCUSSION**

### **1. Consumer Awareness Level of Rights in Electronic Transactions in Indonesia and Influencing Factors**

The rapid development of digital technology in recent years has changed the pattern of economic transactions in Indonesia, with people increasingly interested in conducting electronic transactions. These transactions include purchasing goods, providing financial services, and various other types of services that can now be accessed

online. The advantages of convenience and speed in online transactions make them very popular, but behind this convenience, there are a number of risks that threaten consumers. Fraud, misuse of personal data, and transactions that do not match the description are some of the problems that consumers often face in the digital world. Therefore, protection of consumer rights in electronic transactions is very important to ensure that they feel safe and protected when interacting in the digital space.

One of the main efforts made by the Indonesian government to improve consumer protection in electronic transactions is by passing Law No. 1 of 2024. This law is the second revision of Law No. 11 of 2008 concerning Information and Electronic Transactions and aims to strengthen consumer protection, especially in the digital realm. This law specifically regulates consumer rights, such as the right to correct information about the products or services offered, the right to personal data security, and the right to receive compensation in the event of a violation of these rights. This law provides a strong legal basis for consumers to claim their rights in the event of a violation in electronic transactions. Thus, Law No. 1 of 2024 is expected to provide clearer, more accessible, and more effective protection for consumers throughout Indonesia.

Despite clear and strong regulations, one of the biggest challenges in ensuring consumer protection is the level of consumer awareness of their rights. Many consumers in Indonesia do not fully understand the rights they have in electronic transactions. According to Suhendi (2022), "consumer protection in electronic transactions must be a primary concern, given the high potential for losses due to irresponsible actions." In this context, consumer awareness of their rights is a key aspect that determines how effectively this legal protection can be implemented. Although Law No. 1 of 2024 provides clear rights for consumers, the implementation of these rights depends on the extent to which consumers know and understand these rights.

This low level of awareness can be caused by various factors. One of them is the low digital literacy among the majority of Indonesian people. Low digital literacy means that many consumers do not understand digital technology well, including how to access information, protect personal data, or report violations they experience. According to Sari (2022) "low digital literacy can reduce the effectiveness of laws in protecting consumers," which emphasizes the importance of digital education in increasing public understanding of their rights in electronic transactions. Without adequate understanding, it is difficult for consumers to know what to do when their rights are violated, and this certainly reduces the effectiveness of the protection offered by the law.

In addition to digital literacy, another factor that influences the level of consumer awareness is the accessibility of information regarding consumer rights in electronic transactions. Although Law No. 1 of 2024 provides a number of provisions that provide consumer rights, many consumers do not know the complaint channels or how to claim their rights if a violation occurs. This is due to the lack of adequate socialization regarding the law and the lack of distribution of information that reaches all levels of society. Consumers who do not have knowledge of complaint procedures or how to report violations of their rights, for example, tend to feel helpless when faced with problems in online transactions. Therefore, increasing the accessibility of information regarding consumer rights is an important step to increase their awareness.

The role of the government and related institutions in socialization and education is very important. One of the institutions that plays a role in consumer protection is the National Consumer Protection Agency (BPKN), which provides a complaint channel for consumers who feel disadvantaged in electronic transactions. BPKN can function as a mediator between consumers and business actors, so that consumers have clear access to report violations or problems they face. With an institution like BPKN, consumers can

more easily obtain legal assistance to protect their rights. Surya (2024) stated that "support from government institutions is needed to create a safe and trustworthy digital ecosystem." Therefore, strengthening the institutions involved in consumer protection needs to be done so that they can be more effective in carrying out their duties.

In addition to government institutions, business actors' compliance is also an equally important factor in increasing consumer awareness of their rights. Business actors who are transparent in providing information about their products or services will help consumers to better understand their rights. Conversely, business actors who are not transparent or negligent in protecting consumers' personal data can actually worsen consumer ignorance and increase the potential for violations. Therefore, business actors must be committed to complying with existing regulations and ensuring that they not only comply with Law No. 1 of 2024, but also help educate consumers about their rights. Another factor that influences consumer awareness is the role of the media and information technology in disseminating information about consumer rights. In this digital era, social media and other online platforms can be used as effective channels to disseminate information about consumer protection and how to report violations that occur. Therefore, the media has an important role in educating the public about their rights in the digital world. With information that is easily accessible through various platforms, consumers are expected to be able to better understand what their rights are and how to protect themselves when making online transactions.

In addition to these factors, there are also several obstacles in the implementation of regulations that affect the effectiveness of consumer protection. One of them is limited resources in supervision and law enforcement. Although Law No. 1 of 2024 provides a clear legal framework, its implementation still faces challenges in terms of uneven supervision throughout Indonesia. In some regions, supervision of business actors in electronic transactions is still ineffective, and this opens up loopholes for violations of consumer rights. Therefore, efforts are needed to improve supervision nationally, both by increasing the capacity of supervisory institutions and through cooperation between various related parties. Strengthening law enforcement officers is also very important to ensure that Law No. 1 of 2024 can be implemented effectively. Law enforcement officers who are well-trained and have a strong understanding of this regulation will be better able to handle cases of consumer violations and impose appropriate sanctions. Without strict law enforcement, violations of consumer rights will continue, harming the public, and creating distrust of the legal system. Therefore, law enforcement officers need to be equipped with adequate facilities so that they can carry out their duties properly.

Although Law No. 1 of 2024 has provided better protection for consumers, public awareness of their rights in electronic transactions remains a major challenge. Without high public awareness of their rights, existing regulations will be difficult to implement optimally. Therefore, cooperation is needed between the government, business actors, supervisory institutions, and the community to ensure that consumer rights are properly protected. One way to increase awareness is through ongoing education, both in schools, through social media, and through campaigns that can reach more consumers. Law No. 1 of 2024 has provided a stronger legal basis for consumer protection in the digital realm. Although this law covers many very important aspects, its implementation still requires more attention in terms of public awareness, supervision, and effective law enforcement. With ongoing efforts, it is hoped that consumer protection can be more optimal, and consumers in Indonesia can feel safer and more protected in every electronic transaction they make.

## 2. Analysis of the Effectiveness of Sanctions in Law No. 1 of 2024 against Business Actors Who Violate Consumer Rights

Law No. 1 of 2024 concerning Information and Electronic Transactions (ITE) is expected to be an effective legal instrument in protecting consumer rights in digital transactions. However, one interesting aspect to analyze is the effectiveness of the sanctions stipulated in this law in providing a deterrent effect on business actors who violate consumer rights. In the ever-evolving digital world, where electronic transactions increasingly dominate, legal sanctions play an important role in creating a safe and fair environment for consumers. Therefore, a deep understanding of the implementation and effectiveness of the sanctions stipulated in this law is very important.

The sanctions stipulated in Law No. 1 of 2024 include various types of penalties, ranging from administrative fines to criminal penalties for business actors who violate consumer protection provisions. One of the main objectives of this sanction is to provide a deterrent effect on business actors who often ignore their obligations in maintaining the security of consumer data, providing clear information about products or services, and avoiding fraudulent practices in electronic transactions. However, to achieve this goal, the sanctions imposed must be strong enough and applied consistently.

Although Law No. 1 of 2024 provides a clear legal basis for imposing sanctions on business actors, the implementation of these sanctions is often hampered by weak implementation factors Wibowo (2023). One of the main problems is the lack of effective supervision of business actors in the digital realm. Many business actors do not comply with the provisions of this law due to the lack of adequate supervision, as well as weak law enforcement in cases of violations of consumer rights. Without adequate supervision, business actors tend to feel that there are no real consequences for their actions. Sari (2022) added that uncertainty and ambiguity in the application of sanctions can also reduce the expected deterrent effect. In practice, many consumers do not know how to report violations or do not feel that reporting violations will produce results. In addition, the complex and often time-consuming process of collecting evidence is also an obstacle for consumers in seeking justice. This shows that even though sanctions already exist, less than optimal implementation causes business actors not to feel a significant deterrent effect.

The effectiveness of sanctions also depends heavily on the firmness of the court in deciding cases involving violations of consumer rights. If the court does not show firmness in applying the sanctions stipulated in this law, then business actors will be increasingly confident that they can avoid punishment. Hidayat (2023) emphasized that the application of firm and consistent sanctions by law enforcement officers is the main key to increasing the effectiveness of this law. Therefore, it is important for law enforcement agencies to work together with supervisory agencies to ensure that violations of consumer rights can be dealt with quickly and appropriately. There is also a view that states that in addition to legal sanctions, business actors also need to be encouraged to comply with this law through a more persuasive approach, such as providing training on the importance of consumer protection and implementing a good security system. Sutrisno (2023) argues that education and counseling for business actors about the need to protect consumer rights will be more effective in the long term than relying solely on legal sanctions. This approach can build awareness among business actors about the importance of their social responsibility in protecting consumer rights.

Yusuf (2024) stated that strict sanctions can prevent wider violations in the future. For example, if business actors who are proven to have violated provisions on consumer data security are subject to high fines or even have their business licenses revoked, this can send a clear signal to other business actors that violations of consumer

rights will not be tolerated. Thus, the application of appropriate sanctions can be an effective deterrent against similar violations. The factor of limited resources in legal supervision is also a major challenge in the implementation of effective sanctions. Many institutions responsible for supervising digital transaction violations in Indonesia still lack adequate experts and technological equipment to detect violations that occur in cyberspace. Ramadhan (2023) emphasized that without increasing capacity and technology, effective supervision becomes very difficult. Therefore, the government must increase the budget allocation for digital supervision and strengthen the institutions responsible for carrying out this function.

Gunawan (2024) highlighted that the more sophisticated the technology, the greater the potential for violations of consumer rights. Business actors often take advantage of technological loopholes to avoid their legal obligations. For example, by operating websites or applications that do not meet the security standards required by Law No. 1 of 2024, or by hiding important information from consumers. Therefore, the sanctions stipulated in the law must be adjusted to technological developments in order to remain relevant and effective in providing maximum protection to consumers.

To overcome this obstacle, the government must ensure that business actors who do not meet security standards or who are involved in fraudulent practices can be subject to appropriate sanctions, either in the form of significant fines or criminal penalties for business actors who harm consumers on a large scale. According to Hakim (2023), who stated that strict law enforcement must be accompanied by increased capacity in supervision and evidence collection in the digital world.

Another obstacle in the application of sanctions is the ignorance of most consumers regarding their rights in digital transactions and how to file complaints. Many consumers are unaware of the protection provided by Law No. 1 of 2024. Without a good understanding, consumers cannot utilize existing complaint mechanisms, so that violations of consumer rights remain undetected. Therefore, in addition to increasing supervision and law enforcement, it is also important to improve the digital literacy of the community.

Although the sanctions stipulated in Law No. 1 of 2024 have the potential to provide a deterrent effect on business actors who violate consumer rights, the success of its implementation is highly dependent on various factors. Factors such as effective supervision, law enforcement capacity, consumer digital literacy, and business actors' awareness of their responsibilities towards consumer rights must be considered holistically to ensure that existing sanctions can truly provide optimal protection for consumers in the digital world. Therefore, better coordination is needed between the government, supervisory institutions, and business actors to create a safe and fair digital ecosystem. In the future, effective sanctions must not only be reactive to violations that have occurred, but also preventive, with the aim of preventing further violations. In this case, education, stricter supervision, and consistent sanctions will be key to strengthening consumer protection in the digital era. Thus, Law No. 1 of 2024 can function as a legal umbrella that can create a safe and fair digital transaction climate for all parties.

## CONCLUSION

Although Law No. 1 of 2024 has provided a stronger legal framework for digital consumer protection, its implementation still faces significant obstacles. The main challenges identified include low digital literacy among the public, non-compliance of business actors with legal obligations, and limited supervision and law enforcement. These obstacles,

coupled with limited resources owned by supervisory institutions and the complexity of threats to data security, have resulted in consumer rights protection in the digital world not being optimally implemented. Therefore, collaborative efforts from various parties are needed to overcome these obstacles.

To overcome these problems, the government, business actors, and the public need to work together more closely to improve digital literacy, strengthen supervision, and introduce stricter sanctions for violators of the law. Increasing the allocation of resources for surveillance technology and the capacity of related institutions is also crucial. With better implementation and coordinated efforts, it is hoped that Law No. 1 of 2024 can function more effectively in protecting the rights of digital consumers, creating a safe electronic transaction ecosystem, and increasing public trust in digital services in Indonesia.

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