LAW AND DEMOCRACY INSIGHT
Volume 4, Issue 1, June 2026 | pp. 76-85
https://doi.org/10.63208/21015-536

Check for updates

E- ISSN: 3031-4615

Legal Frameworks Governing Digital Consumer Protection in Indonesia: Evaluating Regulatory Effectiveness, Consumer Rights, and Governance in the Digital Economy

Muchammad Shidqon Prabowo[1] ✉

Universitas Wahid Hasyim, Semarang, Indonesia[1]

ABSTRACT

The rapid growth of digital transactions and e-commerce in Indonesia has increased the need for a stronger legal framework to protect consumers. This study employs a normative legal research approach to examine the legal frameworks governing digital consumer protection through the analysis of legislation, legal doctrines, and relevant scholarly literature. It reviews key regulations, including the Consumer Protection Law (Law No. 8 of 1999), the Electronic Information and Transactions Law, the Personal Data Protection Law (Law No. 27 of 2022), and supporting government regulations. Although these legal instruments provide a foundation for protecting consumer rights, data privacy, and transaction security, several challenges remain, including fragmented regulations, outdated legal provisions, weak enforcement, and the widespread use of click-wrap agreements. MSMEs also face difficulties in complying with personal data protection requirements because of limited financial and technological resources. The study argues that Indonesia should strengthen digital consumer protection through comprehensive regulatory reform, more effective enforcement mechanisms, and the integration of legal and technological approaches based on international best practices. These measures are expected to promote a secure, transparent, and fair digital marketplace while ensuring stronger protection of consumer rights.

Keywords: *Digital Consumer Protection, E-Commerce Regulation Indonesia, Enforcement Challenge, Personal Data Law.*

CORRESPONDING AUTHOR:
Muchammad Shidqon Prabowo
Universitas Wahid Hasyim, Semarang, Indonesia
contact: *shidqonprabowo@unwahas.ac.id*

ARTICLE HISTORY
Received : January 04, 2026
Final Revised : May 13, 2026
Accepted : June 12, 2026
Published : June 30, 2026

© 2026 The Author(s)| This article is an open access article and distributed under the terms and conditions of the Creative Commons Attribution (CC BY-SA) license.

1. | INTRODUCTION

The rapid expansion of digital technologies and e-commerce in Indonesia has transformed the way consumers interact with businesses and access goods and services. While these advancements provide convenience, speed, and broader market reach, they also introduce new risks and challenges for consumer protection. Digital transactions often involve complex electronic contracts, personal data sharing, and cross-platform interactions, creating opportunities for fraud, misinformation, and misuse of personal information (Ibitoye, 2025). Consequently, the need for a robust legal framework to safeguard digital consumers has become increasingly critical.

Indonesia has made significant strides in developing laws and regulations that govern consumer rights and digital transactions. The Consumer Protection Law (Law No. 8 of 1999) forms the foundation of these efforts, aiming to ensure that consumers are provided with accurate information, safe products and services, and mechanisms for compensation in cases of harm or fraud. This law also establishes key institutions, such as the National Consumer Protection Agency BPKN (*Badan Perlindungan Konsumen Nasional*) and the Consumer Dispute Resolution Agency BPSK (*Badan Penyelesaian Sengketa Konsumen),*which are tasked with educating consumers, supervising business practices, and facilitating dispute resolution. These measures are designed to empower consumers and provide formal avenues to seek redress when their rights are violated.

In parallel, the Electronic Information and Transactions Law (ITE Law), enacted in 2008, addresses the legal complexities arising from digital transactions. The ITE Law regulates issues such as electronic contracts, data security, and online dispute resolution, thereby ensuring the integrity and reliability of digital commerce. Its role is particularly important in addressing disputes arising from e-commerce transactions, where traditional legal mechanisms may be insufficient or inefficient.

The introduction of the Personal Data Protection Law (Law No. 27 of 2022) represents a critical advancement in protecting personal information within the digital economy. This law aims to address data breaches, privacy violations, and the responsible handling of personal data. However, its implementation has encountered challenges, particularly for Micro, Small, and Medium Enterprises (MSMEs), which often lack the necessary technological expertise and resources to comply fully with the law (Astuti et al., 2024). Complementing these legislative efforts, Government Regulation No. 80/2019 and the Minister of Trade Regulation No. 31/2023 provide additional guidance on e-commerce operations, clarifying obligations related to transaction validity, business liability, and consumer protection.

Despite these developments, Indonesia's digital consumer protection framework still faces notable gaps. Regulations are often fragmented and outdated, leaving critical areas such as information asymmetry and platform accountability insufficiently addressed. Enforcement mechanisms are limited, and complex digital agreements can prevent consumers from effectively exercising their rights (Kerti, 2025). Moreover, the absence of a fully operational data protection commission reduces oversight and accountability in cases of privacy violations. To strengthen protection, scholars have recommended adopting hybrid approaches that combine regulatory reform with technological solutions, drawing lessons from countries like China.

This study seeks to examine the legal frameworks governing digital consumer protection in Indonesia, identify the key challenges in their enforcement and implementation, and explore potential improvements through regulatory, institutional, and technological strategies. Understanding these frameworks is essential for enhancing consumer trust, ensuring equitable access to digital markets, and fostering a secure digital economy. Accordingly, this study addresses two primary research questions: (1) How effective is Indonesia's existing legal framework, including the Consumer Protection Law, the Electronic Information and Transactions Law, and the Personal Data Protection Law, in protecting consumers in the digital economy? and (2) What are the principal challenges in implementing digital consumer protection regulations, and what legal and institutional reforms are required to strengthen consumer rights and governance in Indonesia's digital marketplace?

2. | RESEARCH METHOD

This study employs a normative legal research approach to examine the frameworks governing digital consumer protection in Indonesia. Primary legal materials, including the Consumer Protection Law (Law No. 8 of 1999), the Electronic Information and Transactions Law (ITE Law, 2008), the Personal Data Protection Law (Law No. 27 of 2022), Government Regulation No. 80/2019, and Minister of Trade Regulation No. 31/2023, were analyzed to understand their scope, provisions, and applicability in digital transactions. Secondary sources, such as academic journals, legal commentaries, and comparative studies, were systematically reviewed to identify enforcement challenges, regulatory gaps, and practical limitations faced by consumers and Micro, Small, and Medium Enterprises (MSMEs) (Hetharie et al., 2025). The study also considers recommendations from national and international perspectives, including hybrid regulatory models integrating technology and law. Data were organized thematically to highlight issues related to regulatory fragmentation, enforcement effectiveness, and personal data protection, providing a comprehensive understanding of the legal mechanisms and their practical implications in the Indonesian digital marketplace.

This research relies entirely on secondary data obtained through a comprehensive literature review. Data sources include legislation, government policy documents, relevant court rulings, scholarly books, reputable journal articles, conference proceedings, and publications from credible national and international organizations. All data were selected based on their relevance, credibility, and contribution to the discussion on digital consumer protection.

Data analysis was conducted using a qualitative descriptive approach. The analytical process began with identifying and classifying relevant legal provisions, followed by interpreting their substance through systematic legal interpretation. Subsequently, the findings were synthesized to evaluate the alignment, effectiveness, and implementation challenges of the digital consumer protection legal framework in Indonesia. Finally, the study formulates recommendations aimed at strengthening legal certainty, enhancing regulatory consistency, and optimizing consumer protection amidst the rapid growth of the digital economy.

3. | RESULTS AND DISCUSSION

Key Legal Frameworks Governing Digital Consumer Protection in Indonesia

Digital consumer protection in Indonesia is supported by a series of laws and regulations that have developed alongside the rapid growth of e-commerce and digital services. These legal frameworks aim to safeguard consumer rights, regulate business practices, and ensure the security of electronic transactions. The primary regulations include the Consumer Protection Law, the Electronic Information and Transactions Law, the Personal Data Protection Law, and related government regulations on e-commerce, each playing a distinct role in shaping the rights, responsibilities, and dispute resolution mechanisms for consumers and businesses in the digital marketplace.

The Consumer Protection Law (Law No. 8 of 1999) forms the foundation of consumer rights protection in Indonesia. It establishes fundamental protections against fraudulent and unfair business practices and guarantees consumers, rights to receive accurate and complete information regarding products and services, to obtain safety from harmful goods, to receive compensation for losses, and to maintain personal data privacy (Widiarty & fahmi, 2024; Panjaitan et al., 2025). Beyond defining consumer rights, the law also creates institutional mechanisms to support enforcement and dispute resolution. The BPKN serves as a national oversight body tasked with educating consumers, supervising business compliance, and providing recommendations for regulatory improvements. Similarly, the Consumer Dispute Resolution Agency (Badan Penyelesaian Sengketa Konsumen, BPSK) offers a more accessible platform for resolving disputes between consumers and businesses without resorting to formal court proceedings (Widiarty & Fahim, 2024). These institutions are critical in bridging the gap between statutory rights and practical enforcement, particularly in contexts where consumer awareness may be limited and businesses operate on a large scale.

The Electronic Information and Transactions Law (Law No. 11 of 2008, amended in subsequent years) specifically addresses the challenges posed by digital commerce. It provides the legal framework for electronic contracts, data security, and online dispute resolution, all of which are essential for maintaining consumer trust in digital platforms (Subagyono et al., 2024; Hufron et al., 2024) The law also establishes the legal basis for handling disputes arising from online purchases, including issues related to electronic contracts, fraudulent digital transactions, and misinformation in e-commerce environments (Swandari et al., 2025). By setting clear rules for electronic evidence, responsibilities of service providers, and sanctions for violations, the law ensures the integrity and reliability of electronic transactions. It also enables consumers to seek redress when digital transactions result in financial loss or breaches of contractual obligations (Utomo, 2025). In practice, the law has been instrumental in addressing emerging challenges in Indonesia,s increasingly digital economy, although enforcement and consumer awareness remain areas that require further development.

The Personal Data Protection Law (Law No. 27 of 2022) represents a significant advancement in regulating the digital economy by explicitly safeguarding the collection, processing, and storage of personal data. This legislation addresses growing concerns about data breaches, privacy violations, and unauthorized use of consumer information (Sudarwanto & Kharisma, 2021; Prabowo & Sulistianingsih, 2023).However, the implementation of this law has revealed practical challenges, particularly for Micro, Small, and Medium Enterprises (MSMEs). Many of these businesses lack the technical expertise and financial resources to comply fully with the law,s requirements, creating potential gaps in consumer data protection. The law mandates the establishment of secure data management systems, regular risk assessments, and reporting obligations, which can be burdensome for smaller enterprises (Hetharie et al., 2025). Despite these challenges, the legislation serves as a critical foundation for enhancing data privacy standards and promoting trust in Indonesia,s digital marketplace.

Complementing the statutory laws, Government Regulation No. 80 of 2019 and Minister of Trade Regulation No. 31 of 2023 provide detailed operational guidance for e-commerce activities. These regulations cover essential aspects of digital transactions, including the validity of transactions, business obligations, liability mechanisms, and consumer protection measures (Panjaitan et al., 2025). They aim to standardize e-commerce practices, ensuring that online platforms provide accurate product descriptions, transparent pricing, and clear dispute resolution mechanisms. The regulations also reinforce business accountability, requiring merchants to adhere to quality standards, honor warranties, and implement consumer protection policies. By providing regulatory clarity, these measures help mitigate risks associated with online transactions, reduce the likelihood of consumer disputes, and strengthen legal certainty for both consumers and businesses.

Together, these laws and regulations form the backbone of Indonesia,s efforts to regulate digital consumer protection. They establish consumer rights, define business responsibilities, provide institutional support, and create frameworks for addressing disputes and safeguarding personal data. However, challenges remain, particularly in enforcement, public awareness, and the capacity of smaller businesses to comply with technical requirements. Despite these gaps, the legal framework continues to evolve in response to the growth of digital commerce, aiming to enhance consumer trust, protect personal data, and promote fair and transparent business practices in the Indonesian digital marketplace.

Challenges in Digital Consumer Protection and Policy Recommendations

Despite the presence of several legal instruments designed to protect consumers in Indonesia's digital marketplace, significant challenges persist that hinder the effective implementation of these regulations. One of the most prominent issues is the fragmentation of regulations and the prevalence of outdated legal norms. Indonesian laws addressing consumer protection and digital transactions were developed at different times and under varying legal philosophies, often without sufficient coordination among them (Arifin et al., 2021). This regulatory fragmentation creates inconsistencies in coverage, leaving certain areas of digital commerce inadequately regulated (Celestin, 2024). For instance, while the Consumer Protection Law establishes fundamental rights and remedies, it does not fully address modern digital risks such as platform liability, algorithmic biases, or data-driven marketing practices. Similarly, the Electronic Information and Transactions Law and personal data regulations offer targeted protections, but these are sometimes incompatible or insufficiently detailed to manage complex digital interactions .Outdated norms further exacerbate the problem, as laws enacted prior to the widespread adoption of e-commerce and fintech platforms struggle to keep pace with rapidly evolving technologies. Addressing these gaps requires harmonization of existing regulations and the introduction of updates that explicitly account for contemporary digital risks, including information asymmetry, cross-platform transactions, and the use of automated decision-making in online marketplaces (Subagyono et al., 2024; Ariawan, 2025).

Enforcement of consumer protection laws represents another major challenge. While statutory provisions establish rights and remedies on paper, their practical application remains limited. One notable example is the widespread use of click-wrap agreements in online transactions, which typically include complex and non-negotiable clauses that consumers often accept without fully understanding their implications. These agreements can undermine consumer rights by shifting liability away from service providers, restricting recourse, and reducing transparency in digital interactions .in addition, enforcement agencies often lack the capacity and resources to monitor compliance across the vast and decentralized digital ecosystem effectively. Consumer disputes arising from online transactions may remain unresolved due to insufficient staff, limited technical expertise, and the absence of standardized online dispute resolution procedures. To address these enforcement challenges, there is a need to strengthen legal mechanisms, such as the expansion of accessible online dispute resolution platforms, increased institutional capacity for consumer protection agencies, and greater public awareness initiatives that educate consumers on their rights and the procedures available for recourse (Panjaitan et al., 2025). Such measures would help bridge the gap between statutory protections and their practical realization, ensuring that consumer rights are not merely theoretical but actively upheld.

Data protection and privacy concerns represent an additional layer of complexity in Indonesia's digital consumer protection landscape. Despite the enactment of the Personal Data Protection Law (Law No. 27 of 2022), practical enforcement remains challenging due to the absence of a dedicated, independent data protection authority with sufficient powers to monitor compliance, investigate violations, and impose sanctions. Many businesses, particularly Micro, Small, and Medium Enterprises (MSMEs), face difficulties in implementing comprehensive data protection measures due to limited technical knowledge, financial constraints, and insufficient awareness of regulatory requirements (Prabowo & Sulistianingsih, 2023). The risks associated with inadequate data protection include unauthorized use of personal information, identity theft, cyber-fraud, and breaches that compromise consumer trust (Sule et al., 2021). To address these challenges, experts have proposed adopting a hybrid model that integrates regulatory oversight with technological solutions, similar to approaches implemented in countries like China (Hetharie et al., 2025). Such a model could include the use of automated compliance tools, secure data management systems, and real-time monitoring technologies that support businesses in meeting regulatory requirements while reducing administrative burdens. Integrating these solutions with government-led regulatory frameworks would enhance both accountability and security, providing consumers with stronger guarantees that their personal information is adequately protected.

The combined effect of regulatory fragmentation, enforcement limitations, and data protection challenges underscores the complexity of managing digital consumer protection in Indonesia. Consumers remain exposed to various risks, including unfair contract terms, insufficient recourse for disputes, and the potential misuse of personal data. Addressing these issues requires a multifaceted approach that not only updates and harmonizes existing laws but also strengthens enforcement institutions and introduces innovative solutions to manage technical compliance requirements. Greater collaboration between regulatory authorities, technology providers, and consumer advocacy groups is also essential to ensure that reforms are effective and responsive to the rapidly changing digital environment. Furthermore, public education campaigns can play a critical role in equipping consumers with the knowledge and tools needed to navigate digital transactions safely, recognize their rights, and utilize available dispute resolution mechanisms. By addressing these structural and practical gaps, Indonesia can move toward a more coherent, enforceable, and technologically aligned framework that better protects digital consumers in an increasingly complex online marketplace.

4. | CONCLUSION

Indonesia has made significant progress in establishing a legal framework for digital consumer protection through key laws such as the Consumer Protection Law (Law No. 8 of 1999), the Electronic Information and Transactions Law, and the Personal Data Protection Law (Law No. 27 of 2022), supported by government regulations like Regulation No. 80/2019 and Minister of Trade Regulation No. 31/2023. Despite these developments, challenges remain in ensuring effective enforcement, addressing regulatory fragmentation, and safeguarding personal data, particularly in the context of rapidly evolving digital markets and complex e-commerce transactions. Practical limitations, such as the widespread use of complex click-wrap agreements and limited resources among MSMEs, further impede the realization of consumer rights. To strengthen protection, Indonesia needs comprehensive regulatory updates, more robust enforcement mechanisms, and the adoption of hybrid approaches that integrate legal measures with technological solutions, drawing lessons from international best practices. These steps are essential to create a secure, transparent, and equitable digital marketplace for consumers.

Acknowledgment

We gratefully acknowledge the contributions of individuals who supported the completion of this article.

Funding Information

This research did not receive any funding.

Conflict of Interest Statement

The authors declare that there is no conflict of interest.

Ethical Approval and Originality Statement

Ethical approval was obtained for this study. The manuscript represents original work and has not been previously published, nor is it under consideration by another journal.

Data Disclosure Statement

The data that support the findings of this study are available from the corresponding author upon reasonable request.

REFERENCES

Ariawan, A. (2025). Regulatory Barriers to Consumer Protection in Digital Marketplaces. *Journal of Human Rights, Culture and Legal System*, *5*(3), 806-832.

Arifin, R., Kambuno, J. A., Waspiah, W., & Latifiani, D. (2021). Protecting the Consumer Rights in the Digital Economic Era: Future Challenges in Indonesia. *Jambura Law Review*, *3*, 135-160.

Astuti, E. F., Hidayanto, A. N., Nurwardani, S., & Salsabila, A. Z. (2024). Assessing Indonesian MSMEs' Awareness of Personal Data Protection by PDP Law and ISO/IEC 27001: 2013. *International Journal of Safety & Security Engineering*, *14*(5).

Celestin, P. (2024). How E-Commerce Law Is Evolving to Address Consumer Protection and Digital Marketplace Regulations. *Brainae Journal of Business, Sciences and Technology*.

Hetharie, Y., Ikhwansyah, I., & Rahmawati, E. (2025). Legal Empowerment of Indonesian Micro Small Medium Enterprises in the Digital Era: A Comparing with China. *Jurnal IUS Kajian Hukum Dan Keadilan*, *13*(2), 326-345.

Hetharie, Y., Ikhwansyah, I., Rahmawati, E., & Dinatra Soplantila, V. (2025). Hybrid model of personal data protection for consumers in digital MSMEs: A comparative study of Indonesian and China regulations. *Journal of Law and Legal Reform*. *Jurnal IUS Kajian Hukum Dan Keadilan*, *13*(2), 326-345.

Hufron, H., Fikri, S., Hadi, S., & Wibowo, A.S. (2024). Digital platform power play: Indonesian and European Union law perspective. *Lex Scientia Law Review*, *8*(2), 707-742.

Ibitoye, J. S. (2025). Multi-agent AI systems for secure, transparent, and compliant fraud surveillance in cross-border FinTech operations. *Int J Res Publ Rev*, *6*(6), 9724-40.

Kerti, R. M. (2025). Consumer protection in the digital economy: A legal analysis of e-commerce practices and regulatory challenges. *Lex Localis*, *23*(10), 776-786.

Noor, A., Maskur, A., Wulandari, D., & Azmi, M.F. (2025). Digital economy regulation and consumer rights protection: Realizing security in financial technology transactions. *Lex Scientia Law Review , 9(2), 1324-1375.*

Panjaitan, H., Girsang, J., Djanegara, M.S., & Fahim, M.H.K. (2025). Strengthening consumer protection in digital transactions: A legal perspective on click-wrap agreements under the consumer protection law. *Jurnal Hukum Unissula.* , *41*(3), 666-693.

Prabowo, M.S., & Sulistianingsih, D. (2023). Reformulation of consumer protection legal policies in the digital business era in Indonesia. *Diponegoro Law Review, 8(1), 14-24.*

Subagyono, B.S.A., Romadhona, M.K., Chumaida, Z.V., & Elkhasha, N.S. (2024). Can Indonesia's laws keep up? Protecting consumer rights in digital transactions. *Journal of Law and Legal Reform*, *3*(6), 314-322.

Sudarwanto, A.S., & Kharisma, D.B.B. (2021). Comparative study of personal data protection regulations in Indonesia, Hong Kong and Malaysia. *Journal of Financial Crime* , *29*(4), 1443-1457

Sule, M. J., Zennaro, M., & Thomas, G. (2021). Cybersecurity through the lens of digital identity and data protection: issues and trends. *Technology in Society*, *67*, 101734.

Swandari, S., Mahardika, S. G., & Prayudha, T. A. (2025). Legal Protection for Consumers in E-Commerce Transactions: Challenges and Solutions in the Digital Era. *Journal of Mujaddid Nusantara*, *2*(1), 23-38.

Utomo, S. (2025). The digital age and human rights protection in Indonesia: Legal framework, challenges, and reform directions. *Yustisia*, *14*(2), 225-241.

Widiarty, W.S., & Fahim, M.H.K. (2024). Institutional roles and mechanisms in upholding legal protection under consumer protection law in the era of globalization. *Jurnal Hukum Unissula*.