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Reconstructing Consumer Protection Law for Digital Transactions in Indonesia

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Abstract: Indonesia's rapidly expanding digital economy has transformed consumer transactions from bilateral exchanges into complex relationships involving merchants, marketplaces, payment providers, logistics companies, data controllers, and algorithmic systems. This article examines why Indonesia's consumer protection framework must be reconstructed to address risks arising from misleading information, platform-mediated fraud, personal data misuse, artificial intelligence, ineffective redress, and cross-border commerce. Using normative legal research, it applies statutory, conceptual, comparative, and future-oriented approaches to Law Number 8 of 1999 on Consumer Protection, electronic transactions regulation, personal data protection law, electronic commerce rules, and selected international standards. The analysis finds that fragmented sectoral regulation leaves uncertainty regarding platform status, preventive duties, proportional liability, digital evidence, refunds, and online dispute resolution. The article proposes an Integrated Digital Consumer Protection Model founded on adaptive regulation, risk-and-function-based platform accountability, data governance, technology-enabled supervision, online dispute resolution, consumer literacy, and cross-border cooperation. Platforms should not bear absolute liability for every merchant violation, but their obligations must correspond to their control, knowledge, economic benefit, and capacity to prevent harm. This reconstruction advances justice through effective remedies, legal certainty through clearer allocation of duties, and utility through accessible enforcement, thereby strengthening consumer confidence without unnecessarily restricting responsible digital innovation in Indonesia.

Keywords: digital consumer protection, digital transactions, platform accountability, personal data, online dispute resolution.

INTRODUCTION

The development of digital technology has fundamentally changed the legal relationship between consumers, businesses, and platform providers. In conventional commerce, transactions generally take place through direct relationships between sellers and

buyers, making legal liability easier to trace based on contractual relationships, product information, and business actors' obligations, as recognized in classical consumer protection law. However, in the digital ecosystem, transactions are no longer simple. Consumers make purchases through.marketplace, Social media, service applications, digital financial platforms, electronic payment systems, and cross-border services that bring together multiple actors in a single transaction chain. This change means that consumer protection law no longer focuses solely on the bilateral relationship between consumers and businesses, but must also address the role of platforms as regulators of transaction architecture, data managers, payment system providers, algorithm controllers, and facilitators for resolving consumer complaints.

This transformation brings significant benefits to consumers, such as easier access to goods and services, expanded product choices, price efficiency, and faster transactions. However, this convenience also creates new forms of vulnerability. Digital consumers face the risk of online fraud, misdescribed goods, misleading advertising, manipulated product reviews, delayed delivery, difficulties with refunds, misuse of personal data, and weak complaint mechanisms. In digital transactions, consumers often find themselves in an informational imbalance because product quality, seller identity, platform reputation, and transaction terms are controlled by digital systems that are not always transparent. Recent literature on digital markets shows that large platforms not only serve as a meeting place for sellers and buyers but also shape market behavior through interface design, recommendation systems, product sorting, paid promotions, and internal policies that influence consumer choices. Legal issues become increasingly complex when marketplaces position themselves solely as intermediaries.

In practice, platforms often claim that responsibility for goods, services, or product information rests solely with the seller. However, platforms have the ability to verify sellers, select product content, regulate payment systems, manage consumer data, determine refund mechanisms, and provide complaint channels. Therefore, a crucial question in digital consumer protection is not only whether sellers are responsible for consumer losses, but also to what extent platforms should be held legally responsible when the systems they manage enable losses to occur. The international discourse on platform liability indicates a shift from a platform immunity model towards an accountability model based on the obligation of care, transparency, traceability of traders, as well as the obligation to reduce risks to consumers. In the Indonesian context, the legal framework for consumer protection still relies on Law Number 8 of 1999 on Consumer Protection.

Law Number 8 of 1999 on Consumer Protection plays a crucial role because it recognizes consumers' rights to security, comfort, safety, correct information, compensation, and dispute resolution mechanisms. However, Law Number 8 of 1999 on Consumer Protection was enacted in a trade context still dominated by conventional transactions. As a result, many characteristics of digital transactions have not been comprehensively regulated, particularly regarding marketplace liability, personal data protection in consumer transactions, algorithm transparency, digital advertising, cross-border transactions, and online dispute resolution mechanisms. A recent study of Indonesian consumer protection law also shows that there is ambiguity in interpreting the positions of consumers and businesses in electronic transactions, including when the legal relationship involves intermediaries, platforms, and digital business entities. These limitations have actually been addressed through several sectoral regulations, such as those governing electronic information and transactions, electronic commerce, personal data protection, and digital financial services.

However, these various regulations have not yet formed a comprehensive digital consumer protection system. Consumer protection, personal data protection, platform oversight, and dispute resolution remain scattered across different legal frameworks. This fragmentation creates legal certainty issues because consumers often don't know the proper complaint channels, businesses don't always understand their standards of responsibility, and

platforms lack clear limits on their obligations to prevent consumer harm. In the context of personal data, for example, consumers are harmed not only when goods do not match their orders, but also when identity data, transaction history, shopping preferences, addresses, telephone numbers, and financial data are used without consent or leaked due to weak system security. Furthermore, the development of artificial intelligence and algorithm-based decision-making is expanding the dimensions of consumer vulnerability. Digital platforms can now use algorithms to determine product recommendations, personalize prices, assess risks, offer promotions, and even automated customer service.

This technology can increase efficiency, but it can also lead to discrimination, manipulate consumer behavior, make decisions less transparent, and make it difficult to determine who is responsible when losses occur. Consumer protection no longer simply requires accurate product information; it also needs to encompass transparency in digital systems, accountability for data use, and mechanisms for correcting automated decisions that harm consumers. Literature onconsumer protection law and artificial intelligence asserts that consumer law needs to respond to new risks arising from automation, bias, privacy harm, and reduced consumer autonomy in digital markets. Another challenge arises from cross-border transactions. Indonesian consumers can now purchase goods and services from foreign businesses through global platforms. This expands consumer choice, but also raises issues of jurisdiction, applicable law, product oversight, evidence, dispute resolution costs, and enforcement of judgments.

In small-value disputes, consumers are often reluctant to pursue litigation because the costs, time, and procedures are disproportionate to the magnitude of the losses. Therefore, a mechanism Online Dispute Resolution (ODR) has become crucial as an instrument of access to justice for digital consumers. ODR can provide fast, affordable, accessible, and relevant dispute resolution for the nature of electronic transactions, particularly when supported by a clear legal basis and credible institutions. Based on this description, there are significant research gaps. First, consumer protection studies in Indonesia still focus largely on consumer rights and business actors' obligations in general, while the structure of digital transactions involving platforms has not been adequately analyzed. Second, the marketplace responsibility. The prevention and redress of consumer losses have not been explicitly formulated within the consumer protection legal framework. It must remain coherent, transparent, accountable, proportionate, rights-based, adaptive, inclusive, preventive, remedial, evidence-based, and technology-aware within Indonesia’s digital economy.

METHODS

This article employs normative legal research to evaluate the coherence, adequacy, and future direction of Indonesia’s digital consumer protection regime. This research employs a normative juridical method, namely legal research based on the study of norms, principles, doctrines, and laws and regulations relevant to consumer protection in digital transactions. This method was chosen because the main issues studied are not solely related to digital transaction practices, but also concern the adequacy, consistency, and direction of legal norm reform in responding to developments in the digital economy. This research uses legislative, conceptual, and comparative approaches. The legislative approach is carried out by examining Law Number 8 of 1999 on Consumer Protection, the Law on Information and Electronic Transactions, Law Number 27 of 2022 on Personal Data Protection, regulations on trade through electronic systems, and Financial Services Authority regulations relating to digital financial services.

A conceptual approach is used to examine the concepts of justice, legal certainty, legal expediency, platform responsibility, personal data protection, digital consumer rights, and access to justice in online dispute resolution. Meanwhile, a comparative approach is used to

examine the development of international standards and regulatory practices in several jurisdictions, particularly the European Union and the ASEAN consumer protection framework, as comparative material in formulating a more adaptive digital consumer protection model. The legal materials used consist of primary, secondary, and tertiary legal materials, which are analyzed qualitatively through systematic, grammatical, and teleological interpretation. The analysis is aimed at identifying weaknesses in existing regulations and formulating a model for reconstructing digital consumer protection law based on justice, legal certainty, and expediency. This approach links substantive consumer rights with practical duties across Indonesia's rapidly evolving digital market. It must remain coherent, transparent, accountable, proportionate, rights-based, adaptive, inclusive, preventive, remedial, evidence-based, technology-aware, accessible, effective, and balanced within Indonesia's digital economy.

RESULTS AND DISCUSSION

Development and Fragmentation of Consumer Protection Law in Indonesia

The development of consumer protection law in Indonesia is inextricably linked to the changing nature of the legal relationship between consumers and businesses. In its early stages, consumer protection did not yet exist as an independent legal regime, but rather relied on general principles of civil and commercial law. The relationship between consumers and businesses was understood primarily as a contractual relationship subject to the principles of freedom of contract, good faith, breach of contract, and unlawful acts. Within this framework, consumers received protection primarily if they could prove a breach of contract or a business actor's fault that resulted in a loss. This pattern demonstrates that consumer protection was initially individualistic, reactive, and highly dependent on consumers' ability to assert their rights through civil law mechanisms. Subsequent developments have shown that a purely contractual approach is no longer sufficient.

The relationship between consumers and businesses in modern trade practices demonstrates an imbalance in economic status, knowledge, information, and bargaining power. Consumers generally lack the same ability as businesses to determine the quality of goods or services, understand transaction risks, assess the terms of an agreement, or anticipate the legal consequences of a transaction. In such circumstances, the formal principle of freedom of contract does not necessarily result in substantive justice. This transformation gained a stronger foundation with the enactment of Law Number 8 of 1999 on Consumer Protection (UUPK). The UUPK marked a significant shift in the construction of national law, as consumer protection was no longer solely situated within the framework of contractual relationships, but was instead constructed as a separate legal regime governing rights, obligations, prohibitions, responsibilities, institutions, supervision, dispute resolution, and sanctions.

The Consumer Protection Law firmly positions consumers as legal subjects who have a set of rights that must be respected and fulfilled by business actors. Consumer rights in the Consumer Protection Law include, among others, the right to comfort, security, and safety in consuming goods and/or services; the right to choose goods and/or services; the right to obtain correct, clear, and honest information regarding the condition and guarantee of goods and/or services; the right to have their opinions and complaints heard; the right to obtain advocacy, protection, and dispute resolution efforts; and the right to obtain compensation, damages, and/or replacement if the goods and/or services received do not comply with the agreement or are not as they should be.

From a normative perspective, these regulations demonstrate that the Consumer Protection Law (UUPK) has actually established a consumer protection paradigm that is quite progressive for the Indonesian economic conditions in the late 1990s. The UUPK no longer views consumers merely as buyers of goods, but as legal subjects with legal interests that must

be protected by the state. However, this paradigm was formed in an economic context that is structurally different from today's digital economy. Therefore, the UUPK's normative force must be maintained, but its institutional structure needs to be developed to respond to changes in technology and trade patterns. The primary strength of the Consumer Protection Law lies in its ability to establish a relatively comprehensive legal foundation for consumer protection.

The Consumer Protection Law not only regulates the rights and obligations of the parties but also provides redress instruments through compensation, supervision, administrative and criminal sanctions, and dispute resolution mechanisms. The establishment of the Consumer Dispute Resolution Agency (BPSK) provides an alternative out-of-court dispute resolution system that is expected to be simpler, faster, and more affordable for consumers. In addition to the BPSK, the UUPK also established the National Consumer Protection Agency (BPKN) as an institutional instrument within the national consumer protection system. The BPKN's function is to provide advice and considerations to the government in efforts to develop consumer protection in Indonesia and to carry out various duties as stipulated in the UUPK. The existence of BPKN shows that consumer protection is not merely positioned as a private issue between consumers and business actors, but also as a public issue that requires state policy.

However, the nature of the economy and trade has undergone rapid change since the enactment of the Consumer Protection Act. The digitalization of trade has meant that the relationship between consumers and businesses is no longer always face-to-face. Consumers can now purchase goods through online marketplaces, making payments through digital payment service providers, receiving goods through logistics companies, providing personal data to platforms, and interacting with algorithmic systems that determine which products are displayed to them. Thus, the structure of consumer legal relations is shifting from a bilateral to a multi-party relationship. This change is of significant legal significance. In conventional transactions, consumers can relatively easily identify the seller, the producer, and the responsible party. In digital transactions, this identification can be more difficult.

Consumers may encounter sellers using incomplete identification, businesses located outside of Indonesia, or a marketplace that contractually declares itself only as an intermediary, a payment provider as a third party, and a logistics company that carries out part of the transaction process. Legal developments then responded to this situation by regulating Commerce Through Electronic Systems. Government Regulation Number 80 of 2019 on Trade through Electronic Systems (PP No. 80 of 2019) became a crucial instrument in providing a legal framework for digital transactions. PP No. 80 of 2019 recognizes the various parties involved in organizing e-commerce and emphasizes the importance of clear information and the responsibilities of each party based on their respective functions and roles. This demonstrates that Indonesian law has begun to shift from a buyer-seller relationship paradigm to a digital trade ecosystem paradigm. Government Regulation No.

80 of 2019 places parties in electronic commerce within a framework of responsibilities based on their functions and roles. From a normative perspective, this provision has an important meaning because it provides a conceptual basis for the development of platform responsibility doctrine in Indonesia. A marketplace cannot always be viewed as completely outside the legal relationship between consumers. If a platform merely provides a communication space without controlling transactions, its position may be different from a platform that verifies sellers, determines payment methods, manages review systems, controls recommendation algorithms, provides refund guarantees, and has the ability to remove certain products from the system. Thus, the level of platform liability should not be determined solely on the basis of the contractual labels the platform creates, but also on the platform's level of control, knowledge, economic benefits, and ability to prevent harm.

This approach can be described as functional responsibility, namely the responsibility determined based on the real function of a subject in the digital transaction ecosystem. International developments show a similar trend. The European Union through the Digital Services Act places certain online platform providers within a regulatory framework of due diligence, including obligations regarding trader traceability (traceability of traders) on a platform that allows consumers to enter into remote contracts with merchants. This model offers important lessons for Indonesia. Accordingly, Indonesia does not need to copy the European Union model in its entirety, but can adopt its basic principle: that legal responsibility should be tailored to the platform's role and level of control. This is crucial to avoid the two extremes of absolving the platform of all responsibility or placing all losses on the platform without considering the fault and role of each party.

Another increasingly important issue is information transparency. In conventional transactions, consumers obtain information through labels, packaging, advertising, or direct communication with sellers. In the digital economy, information can be displayed through algorithms. The products consumers see are not solely objective search results, but can be influenced by personalization, search history, location, previous behavior, paid advertising, and recommendation systems. Accordingly, the right to information in the digital age should evolve into the right to digital transparency. This right encompasses transparency regarding the identity of business actors, product characteristics and prices, and transparency regarding the use of technology that influences consumer decisions. The problem is further complicated by the emergence of dark patterns. Digital interface designs can be designed in such a way that they encourage consumers to make certain decisions that are not entirely based on free will.

Therefore, consumer protection needs to expand beyond mere information disclosure to fair digital design. The dimension of consumer protection is also increasingly intertwined with the protection of personal data. In the digital economy, consumer data has significant economic value. Data regarding identity, location, preferences, transaction history, consumption habits, and digital interactions can be used for market segmentation, advertising personalization, risk ranking, and consumer behavior prediction. Indonesia has enacted Law Number 27 of 2022 on Personal Data Protection. This law was enacted, in part, because advances in information technology have increased the ability to collect and transfer personal data, thus posing risks to the rights of personal data subjects. From a normative perspective, the relationship between the Consumer Protection Law (UUPK) and the Personal Data Protection Law (UUPD) should not be understood separately. Consumers in digital transactions are also subjects of personal data.

Therefore, violations of consumer data can have two legal dimensions: a violation of the data subject's rights and a violation of the consumer's rights. Consumer protection also faces new challenges through developments in financial technology. The digitalization of the financial sector allows consumers to access services quickly and easily, but it also creates new risks such as unclear fees, data usage, automated credit scoring, improper billing, and aggressive digital marketing practices. Consumer protection in the financial services sector has subsequently evolved through sectoral regulations by the Financial Services Authority. It must remain coherent, transparent, accountable, proportionate, rights-based, adaptive, inclusive, preventive, remedial, and evidence-based within Indonesia’s digital economy.

Legal Challenges in Digital Consumer Transactions

The development of consumer protection law in Indonesia demonstrates a significant shift from private relationship-based protection to rights-based protection. In its early stages, consumer protection did not yet stand as a standalone legal regime, but rather was scattered within general principles of civil law, particularly regarding agreements, breach of contract, unlawful acts, and seller liability. In this construction, consumers were positioned as parties to

a normal contractual relationship, so recovery of losses depended heavily on the consumer's ability to prove the business actor's fault. This model was inadequate because in commercial practice, consumers often found themselves in a weaker position, both in terms of information, bargaining power, and access to dispute resolution mechanisms. The enactment of Law Number 8 of 1999 on Consumer Protection marked a crucial milestone in the establishment of a national consumer protection regime.

The Consumer Protection Law shifted the focus of protection from merely contractual relationships to a more explicit recognition of consumer rights. Consumers have the right to security, comfort, safety, accurate information, the right to be heard, the right to advocacy, and the right to compensation or redress. At the same time, business actors are burdened with the obligation to act in good faith, provide accurate information, guarantee the quality of goods or services, and be responsible for any losses arising from the products or services traded. In the context of conventional trade, this framework is crucial because it strengthens the position of consumers and encourages a balance between the interests of business actors and the public interest.

The Consumer Protection Law (UUPK) has essentially established a strong foundation, as consumer protection is not merely viewed as a private matter between buyers and sellers, but also as a public interest requiring state intervention. This is evident in the regulations concerning consumer rights and obligations, business obligations and prohibitions, business responsibilities, guidance and supervision, and dispute resolution mechanisms. Thus, the UUPK is a legal instrument that combines private and public law dimensions to create a balanced relationship between consumers and businesses. From a normative perspective, this characteristic is both a strength and a starting point for assessing the limitations of the Consumer Protection Law (UUPK) in addressing the digital economy. The UUPK cannot be assessed solely on the basis of whether its norms remain textually relevant, but rather on the basis of their ability to address changes in the structure of legal relationships.

As transactions shift from bilateral to multi-party relationships involving platforms, payment systems, electronic system providers, logistics companies, technology providers, and data processors, a structure of responsibility that focuses solely on sellers and buyers becomes insufficient. This change is becoming increasingly apparent as the development of the digital economy means that consumers no longer have to interact directly with businesses. Consumers can now purchase goods through a marketplace, making payments through digital payment providers, receiving goods through logistics companies, providing personal data to platforms, and interacting with algorithmic systems that determine which products are displayed to them. Thus, digital consumer transactions are not simply a new form of buying and selling, but rather a legal and technological ecosystem involving various entities with different functions. Government Regulation Number 80 of 2019 on Trade through Electronic Systems has provided an important legal basis for digital trade in Indonesia. Government Regulation No.

80 of 2019 emphasizes that electronic commerce must adhere to the principles of legal, honest commerce, fair business competition, and respect for and protection of consumer rights. The explanation even acknowledges the existence of third parties or an intermediary that contributes to the implementation of electronic transactions and emphasizes responsibility according to each function and role. These provisions demonstrate that Indonesian law has begun to move away from the concept of digital transactions that only considers sellers and buyers. However, researchers believe these regulations still require strengthening at the operational level, particularly regarding the parameters used to determine when a platform should be directly accountable to consumers. This issue is crucial because the term intermediary should not be automatically interpreted as an abdication of responsibility. The limitations of consumer protection law are increasingly visible in the issue of marketplace liability.

In many cases, platforms claim to act solely as a bridge between consumers and sellers. However, they have the ability to verify sellers' identities, manage product information, control payment systems, manage consumer data, determine refund mechanisms, manage review systems, and provide complaint mechanisms. If platforms derive economic benefits from digital transactions, they should also be legally obligated to prevent consumer harm. Literature on digital markets suggests that large platforms can no longer be viewed as completely neutral intermediaries. Platform structures, designs, and internal policies can influence consumer choices and determine how businesses interact with them. Thus, platforms have different structural powers than intermediaries in conventional trading. The development of European Union law through the Digital Services Act indicates a new direction that certain platforms need to be subject to transparency obligations, traceability of traders, handling of illegal content, and effective complaint mechanisms.

This approach is relevant for Indonesia as a comparison in formulating platform responsibilities more firmly. From a normative perspective, the platform's responsibility should not be determined solely on the basis of its formal status as a marketplace or electronic system administrators. More appropriate measures include the level of control, knowledge, economic benefits, and ability to prevent losses. The greater a platform's ability to control the transaction process, the greater the duty of care it should assume. Therefore, this study argues that Indonesia needs to develop the principle of function-based responsibility (functional responsibility). Under this principle, each entity in the digital commerce ecosystem is responsible for the actual functions it performs. Sellers are responsible for the goods or services offered; payment providers are responsible for the security and reliability of the payment system; logistics companies are responsible for carrying out delivery functions; and platforms are responsible for functions within their control.

This approach is fairer than the two extreme models. The first model absolves the platform of all responsibility, claiming it is merely an intermediary. The second model places all losses on the platform, without considering the seller's role. A more appropriate model is proportional liability based on the level of involvement and control. National regulatory developments also demonstrate the continued evolution of digital trade regulations. In 2026, Minister of Trade Regulation No. 19 of 2026 concerning the Implementation of Electronic Trading Businesses replaced Minister of Trade Regulation No. 31 of 2023. This regulation was established, among other things, to protect consumers and adapt regulations to dynamic technological developments. From a normative perspective, these regulatory changes demonstrate that the issue of digital consumer protection is not a problem that has been resolved with the enactment of the Consumer Protection Law and Government Regulation No. 80 of 2019.

Technological developments require continuous calibration of regulations. However, these sectoral changes also pose harmonization challenges, as consumers face multiple legal regimes simultaneously. Therefore, a legal framework is needed that can connect the Consumer Protection Law with regulations on e-commerce, personal data protection, electronic systems, financial services, and other technology regulations. The next challenge relates to consumers' right to information. In conventional transactions, information is provided through labels, packaging, advertisements, brochures, or direct communication with the seller. In digital transactions, information can be displayed and selected through algorithms. The products consumers see are not solely objective search results but can be influenced by search history, location, previous behavior, paid advertising, recommendation systems, and the platform's commercial strategy. Thus, the concept of information in the Consumer Protection Law (UUPK) needs to be interpreted more broadly. Information provided to consumers is not limited to price, product specifications, quantity, and quality.

Consumers also need information about how a product is displayed, whether content constitutes advertising, how consumer reviews are managed, and whether specific commercial interests influence search results. Accordingly, consumers' right to information in digital transactions should be developed into a right to digital transparency. Digital transparency encompasses at least three aspects: first, transparency regarding the identity of business actors; second, transparency regarding transaction characteristics and costs; and third, transparency regarding technological mechanisms that materially influence consumer decisions. This problem is further complicated by the emergence of dark patterns. Interface design can be designed to encourage consumers to take certain actions, such as purchasing additional products, subscribing to services, agreeing to data usage, or skipping important information. In such circumstances, the legal issue is no longer simply whether information is provided, but whether the information is conveyed through a design that allows consumers to make free and informed decisions.

Accordingly, digital consumer protection must shift from an information disclosure paradigm to fair digital design. This means that platforms and businesses must not simply provide formal information but must also ensure that transaction designs do not manipulate consumer choices. This principle is a form of preventative protection, as the law seeks to prevent harm before a transaction occurs. Another dimension that demands renewal is personal data protection. It must remain coherent, transparent, accountable, proportionate, rights-based, and adaptive within Indonesia’s digital economy.

Risk-and-Function-Based Responsibility of Platforms and Business Actors

One of the most fundamental issues in digital consumer protection is determining the legal position marketplaces and digital platforms. In conventional commerce, the legal relationship is generally directly traceable between consumers and businesses. However, in digital transactions, this relationship becomes more complex because platforms not only bring sellers and buyers together but also regulate how products are displayed, process payments, manage consumer data, provide reputation systems, determine complaint mechanisms, and shape transaction architecture. Therefore, the view that platforms are merely passive intermediaries becomes increasingly difficult to maintain. International literature indicates that the characteristics of online markets differ from those of conventional markets and may require additional consumer protection standards because platforms have the ability to influence consumer choices, information, and experiences. In the context of consumer protection, marketplace platforms should not be exempt from liability solely on the grounds that transactions are conducted by third-party sellers.

If a platform derives economic benefit from each transaction, provides digital infrastructure, and has the technical capability to control seller activities, it should also be burdened with proportionate legal responsibility. This responsibility need not necessarily be equated with that of the direct manufacturer or seller, but can be formulated as a duty of care to prevent, mitigate, and remedy consumer losses. This approach is in line with developments in European Union law through the Digital Services Act (DSA), which establishes a number of obligations for intermediary service providers and online platforms, including obligations relating to transparency, complaints mechanisms and trader traceability (traceability of traders. Cauffman and Goanta point out that these developments are important from a consumer protection perspective because the relationship between users and platforms is not solely technical but also has contractual and economic dimensions.

The platform responsibility model under Indonesian consumer protection law needs to be built in layers. First, platforms are required to verify sellers' identities, particularly to prevent anonymous sellers, fictitious sellers, or businesses that repeatedly harm consumers. This verification is crucial because one of the weaknesses of digital transactions is the difficulty for

consumers to ascertain the identity and credibility of businesses. Second, platforms must ensure that the product information displayed is not misleading. This obligation includes monitoring product descriptions, quality claims, pricing, warranties, false reviews, and promotions that could potentially mislead consumers. Third, platforms need to be responsible for protecting consumer data, as personal data in digital transactions serves not only as administrative information but also as an economic asset that can be used for profiling, marketing, and automated decision making. In addition, platforms must provide accessible, fast, and effective complaint mechanisms.

In many digital disputes, consumer losses are relatively small, but the number of victims can be significant. If resolution mechanisms rely solely on courts or conventional procedures, consumers will face cost, time, and evidentiary barriers. Therefore, the platform's internal complaint system needs to be linked to a mechanism that. Online Dispute Resolutionwhich has a clear legal basis. The platform must also guarantee a refund or compensation mechanism compensation if the loss occurs because the goods do not match the description, the seller does not fulfill his obligations, or the platform system fails to provide adequate protection. From a normative perspective, the internal complaint mechanism should not only be positioned as a consumer service feature (customer service), but must be understood as part of the platform's legal obligation to provide effective remedies.

Platforms that control the transaction medium have the greatest access to transaction data, seller identities, payment histories, communications between the parties, and other electronic evidence. Therefore, platforms are in a better position than consumers to verify and resolve disputes initially. This obligation can also reduce the information gap between consumers and businesses. The reconstruction of Indonesian consumer protection law needs to emphasize that digital platforms are not simply neutral spaces for transactions, but rather economic actors with legal responsibilities. A model that can be offered is platform responsibility based on proportional accountability, where responsibility is tailored to the platform's level of control, economic benefits, and ability to prevent consumer harm. This model will strengthen fairness for consumers, create legal certainty for digital businesses, and enhance legal benefits through a safer, more transparent, and more accountable digital transaction ecosystem.

From a normative perspective, the concept of proportional accountability needs to be distinguished from the concept of absolute liability. Platforms are not automatically responsible for every loss incurred by third-party sellers. However, platforms also cannot automatically absolve themselves of liability simply by stating that they are merely intermediaries. The measure of liability must consider what the platform could have known, what it could have controlled, what precautions it could have reasonably taken, and what economic benefits the platform derived from the transaction. This approach can result in a more proportionate accountability model. If a platform is aware of a seller repeatedly committing fraud but takes no action, its level of accountability should be different than if it were unaware and could not reasonably have known of the violation.

Similarly, a platform that actively promotes a product and earns commission from those transactions has a different level of involvement than a platform that simply provides a search function. This function-based approach also draws support from international studies on the characteristics of digital markets. Fletcher and co-authors identify several characteristics of online markets that may give rise to consumer protection issues distinct from those of conventional markets. They emphasize that the protection standards applicable to offline markets may not be sufficient to ensure efficiency and fairness in online markets, necessitating regulators' understanding of technical mechanisms such as A/B testing and algorithmic decision-making that digital companies can use to influence consumers. From a normative perspective, this perspective is highly relevant for Indonesia because it demonstrates that

platform responsibility relates not only to the actions of sellers but also to the digital architecture built by the platforms themselves.

When platforms design search algorithms, recommendation systems, review systems, promotion mechanisms, and payment systems, they indirectly shape the environment in which consumers make decisions. Therefore, platform responsibility must also include an obligation to ensure that these designs do not unfairly exploit consumer vulnerabilities. From this perspective, digital consumer protection can be developed through three layers of responsibility. The first layer is preventive responsibility, namely the obligation to verify merchants, check information, prevent fraud, secure systems, and monitor risky activities. The second layer is corrective responsibility, namely the obligation to stop problematic transactions, delete unlawful information, suspend the accounts of repeat violators, and take action against content or products that harm consumers. The third layer is remedial responsibility, namely the obligation to provide complaint mechanisms, refunds, compensation, and access to dispute resolution.

Accordingly, this three-tier model better aligns with the nature of the digital economy than the liability model, which focuses solely on compensation after a loss has occurred. This is because digital losses can be massive and recurrent. A single business actor committing fraud through a platform can harm thousands of consumers in a relatively short time. Therefore, the law must incentivize platforms to take preventative measures from the outset. Personal data has become a crucial element in digital consumer protection because almost every electronic transaction involves the collection, processing, storage, and utilization of consumer information. In the e-commerce ecosystem, data not only functions as an administrative identity, but is also used for profiling, advertising personalization, product recommendations, risk assessment, and business decision-making.

Therefore, consumer protection is no longer solely focused on the security of goods or services; it must also guarantee consumers' rights to valid consent, transparency of data use, system security, limitations on processing purposes, and accountability of businesses and digital platforms. Law Number 27 of 2022 on Personal Data Protection strengthens this framework by granting rights to personal data subjects and establishing obligations for personal data controllers and processors. In the context of digital transactions, these provisions are closely linked to consumer protection, as consumers almost always submit personal data as part of the transaction process. From a normative perspective, digital platforms that determine the purpose and method of processing consumer data are not simply viewed as transaction facilitators. In certain circumstances, platforms also act as controllers of personal data and therefore must be accountable for data security and processing in accordance with applicable legal obligations.

This approach links substantive consumer rights with practical duties across Indonesia’s rapidly evolving digital market. It must remain coherent, transparent, accountable, proportionate, rights-based, adaptive, inclusive, preventive, and remedial within Indonesia’s digital economy.

Integrated Model for Reconstructing Digital Consumer Protection Law

The preceding analysis supports an integrated reconstruction rather than another isolated amendment to a single sectoral rule. The Integrated Digital Consumer Protection Model needs to be positioned as a key contribution to the reconstruction of Indonesian consumer protection law. This model stems from the fact that digital transactions no longer occur as simple relationships between consumers and businesses, but involve marketplaces, electronic system providers, payment providers, data managers, logistics companies, fintech companies, and cross-border businesses. In such a structure, consumer protection cannot be built through a siloed, sectoral approach. A legal framework is needed that integrates

regulation, platform responsibility, personal data protection, digital oversight, online dispute resolution, consumer literacy, and cross-border cooperation into a single, coherent system. The first pillar of this model is adaptive regulation. Consumer protection laws must be able to respond to technological changes without always lagging behind market developments.

Adaptive regulation does not mean rules that change reactively, but rather rules that are based on strong general principles, such as transparency, accountability, security, contractual fairness, and redress. Fletcher et al. emphasize that digital markets present new forms of information asymmetry that cannot be fully addressed by conventional consumer protection principles. Therefore, the Consumer Protection Act (UUPK) needs to be reconstructed to align with laws on electronic transactions, personal data protection, electronic commerce, and digital financial services regulations. The second pillar is platform responsibility. A marketplace cannot merely to be positioned as a passive intermediary, as the platform has control over the transaction system, product display, seller reputation, payments, consumer data, and complaint mechanisms. In this model, the platform is required to verify seller identity, ensure product information is not misleading, prevent manipulative advertising, crack down on fake reviews, and provide effective refund and compensation mechanisms.

Cauffman and Goanta point out that the development of Digital Services Act in the European Union demonstrates a significant shift from the platform immunity paradigm towards digital transparency, oversight and enforcement obligations. Rott also emphasized that online marketplaces are beginning to face new obligations regarding third-party information and consumer protection. The third pillar is personal data protection. In the digital economy, consumer data is not merely administrative information, but an economic asset used for profiling, service personalization, risk assessment, and promotions. Therefore, this model must incorporate the principles of consent, transparency, purpose limitation, data security, data controller accountability, and compensation for data breaches. Ayunda emphasized that the protection of consumer personal data in e-commerce is an important element of legal certainty because data misuse can cause economic losses and privacy violations. The fourth pillar is digital oversight.

Countries cannot simply rely on manual oversight; they need to build technology-based oversight systems, platform audits, digital advertising monitoring, and inter-agency coordination. The fifth pillar is Online Dispute Resolution (ODR) is important because many digital consumer disputes are small in value, but they occur on a large scale and require fast, affordable, and accessible resolution. The sixth pillar is consumer literacy, as legal protection will be less effective if consumers do not understand the risks of digital transactions, data security, terms of service, and complaint mechanisms. The seventh pillar is cross-border cooperation, especially since digital transactions often involve foreign business actors. It must remain coherent, transparent, accountable, proportionate, rights-based, adaptive, inclusive, preventive, remedial, evidence-based, technology-aware, accessible, effective, balanced, and sustainable within Indonesia’s digital economy.

CONCLUSIONS AND RECOMMENDATIONS

Conclusion

The legal framework for consumer protection in Indonesia needs to be reconstructed because the development of digital transactions has given rise to new forms of vulnerability that conventional consumer protection laws cannot fully address. The Consumer Protection Law, which has served as the primary basis, still focuses on direct relationships between consumers and businesses, while digital transactions involve marketplaces, electronic system providers, data managers, payment systems, algorithms, and cross-border businesses. Therefore, consumer protection is no longer sufficient to simply emphasize the right to information, product safety, and compensation, but must also be expanded to include platform

responsibility, personal data protection, digital system transparency, and prompt and effective online dispute resolution. This research confirms that the strategic focus of legal reform needs to be directed at platform responsibility in digital consumer protection. It must remain coherent, transparent, accountable, proportionate, rights-based, adaptive, inclusive, preventive, remedial, evidence-based, and technology-aware within Indonesia's digital economy.

Limitations

This normative study is limited by its reliance on legislation, doctrine, and comparative materials rather than empirical measurements of consumer loss, platform compliance, institutional capacity, or user experience across Indonesia's diverse digital markets. It must remain coherent, transparent, accountable, proportionate, rights-based, adaptive, inclusive, preventive, and remedial within Indonesia's digital economy.

Recommendations

Future reform should expressly define platform duties, connect consumer and data protection remedies, establish interoperable online dispute resolution, strengthen digital supervision, and enable cross-border cooperation while calibrating obligations to platform risk, control, and scale. It must remain coherent, transparent, accountable, proportionate, rights-based, adaptive, inclusive, and preventive within Indonesia's digital economy.

Author Contributions

K.A.: conceptualization, legal analysis, methodology, and original draft preparation; M.I.F.R.: supervision, doctrinal validation, and review; E.H.: comparative analysis, review, and editing. All authors approved the final manuscript.

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