



The Role of the Ministry of Law and Human Rights in Addressing E-Commerce Issues That Create Pros and Cons for Business Actors and Consumers

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Abstract: E-commerce has become one of the biggest innovations in the modern world of commerce. With the advancement of technology, e-commerce has brought about significant changes in the way business is conducted, allowing consumers to make purchases and transactions online. Although e-commerce offers many benefits, the debate on the pros and cons of e-commerce continues. This paper examines the pros and cons of e-commerce and the role of the Ministry of Law and Human Rights in these electronic transactions. On the pros side, e-commerce allows wider accessibility for consumers, allowing them to make purchases anytime and anywhere. It also provides an opportunity for small and medium-sized businesses to market their products without having to rely on a physical location. On the other hand, there are pros and cons related to the security of online transactions and consumer protection, as well as the impact of e-commerce on brick-and-mortar stores and the environment. This study highlights the fact that e-commerce poses complex pros and cons, the Ministry of Law and Human Rights provides assistance in addressing issues related to this

and the many aspects that need to be considered. With this study, it is hoped that we can better understand the implications of e-commerce in everyday life, and find ways to maximize its benefits while minimizing its risks.

Keywords: E-commerce, Electronic Commerce, Ministry of Law and Human Rights

Introduction

E-commerce, often referred to as electronic commerce, refers to the practice of selling goods and services online or through other digital platforms. In e-commerce, transactions can be conducted electronically using websites, mobile applications, or other online platforms. Given technological advancements, e-commerce has emerged as a key element in the modern business world, enabling customers to purchase goods or make online payments easily and conveniently. Some of the most popular e-commerce platforms in Indonesia, such as Shopee, Lazada, and Tokopedia, have facilitated digital transactions for both customers and business owners.

The primary benefits of e-commerce include the ease of comparing product prices, the ability to shop anytime and from anywhere, and the availability of several secure and reliable payment methods. On the other hand, e-commerce also presents various issues and

challenges. These include online transaction problems, privacy protection, logistics, product delivery, and the weakening of traditional business models, which hinder direct sales. Moreover, e-commerce has sparked debates about its impact on the local economy and the stability of traditional business operations.

The aim of this study is to understand the causes of the e-commerce phenomenon and identify possible solutions to address emerging issues. The general public, both as consumers and business actors, engage in heated debates regarding the advantages and disadvantages of e-commerce. Therefore, the government, particularly the Ministry of Law and Human Rights (Kemenkumham), must actively address any potential issues. One of Kemenkumham's primary responsibilities is regulating electronic commerce, including the rules and procedures related to e-commerce.

According to data from the Ministry of Communication and Informatics (Kominfo), Indonesia's e-commerce industry has shown significant growth since 2020, with projections reaching IDR 337 trillion this year, reflecting a growth rate of 33.2%. While e-commerce has made a substantial contribution to the economy, especially for digital entrepreneurs, its impact on traditional business owners, such as merchants who rely on face-to-face sales, tends to be detrimental to them (Hidrantanto, 2021).

Government Regulation No. 80 of 2019 on Electronic Commerce and Law No. 11 of 2008 on Electronic Information and Transactions (ITE Law) both define e-commerce in Indonesia. The ITE Law covers various aspects of electronic transactions, including consumer protection and transaction security. Meanwhile, Government Regulation No. 80 of 2019 provides more detailed provisions on electronic commerce methods. Additionally, other regulations govern e-commerce, including Bank Indonesia laws related to online financial transactions and Minister of Trade regulations on consumer protection in electronic commerce. The implementation of these regulations is expected to create a safe, secure, and trustworthy electronic trading environment for consumers and business owners. However, despite the existence of clear legal principles, effective implementation and supervision remain challenging.

Thus, this study will address several key questions: What role does Kemenkumham play in addressing the issues arising from the growth of e-commerce? What challenges does Kemenkumham face in implementing and overseeing e-commerce regulations in Indonesia? This issue will be examined using qualitative research methods. Researchers will collect information from various sources, including books, the internet, journals, and even legislation. They will also explore answers to global issues, foster curiosity, and propose preventive or problem-solving measures based on factual findings.

It is hoped that this research will provide a clearer understanding of Kemenkumham's approach to managing e-commerce growth and offer recommendations for solutions that

enhance the balance between technological advancements and consumer protection concerning businesses and consumers in Indonesia.

Methodology

This research employs a descriptive qualitative method with a normative legal approach to analyze the role of the Ministry of Law and Human Rights (Kemenkumham) in addressing the pros and cons of e-commerce for business actors and consumers. The approaches used in this study include the statute approach, which focuses on analyzing regulations such as Law No. 11 of 2008 on Electronic Information and Transactions (ITE Law), which has been amended, and Government Regulation No. 80 of 2019 on Trade Through Electronic Systems. Additionally, this study utilizes a conceptual approach to understand legal principles related to consumer and business protection within the e-commerce ecosystem, as well as a comparative approach to compare Indonesia's e-commerce regulations with those of other countries to evaluate the effectiveness of the implemented policies.

The data in this study is obtained through literature research, involving the analysis of legal sources such as primary sources (laws and regulations), secondary sources (scientific journals, legal books, and research reports related to e-commerce), and tertiary sources (legal dictionaries or expert opinions that support the research analysis). The collected data is analyzed using the content analysis method, allowing researchers to examine the content of legal regulations, government policies, and various case studies related to legal issues in electronic transactions.

By employing this method, the study aims to provide a comprehensive overview of the effectiveness of Kemenkumham's role in regulating e-commerce, including the challenges in implementation and oversight of electronic transactions. Furthermore, this research seeks to offer policy recommendations that are more responsive to the development of e-commerce, thereby enhancing consumer protection and fostering a fair electronic trading ecosystem for all business actors in Indonesia.

Result and Discussion

The objective of this research is to identify the strengths and weaknesses of the Ministry of Law and Human Rights (Kemenkumham) in addressing the growth of e-commerce in Indonesia and to examine the challenges faced by Kemenkumham in implementing and overseeing relevant regulations. Based on the research conducted through literature studies and document analysis, several key points provide a clear picture of the challenges and difficulties of e-commerce in Indonesia:

1. The Role of Kemenkumham in E-Commerce Regulation

The Role of Kemenkumham in E-Commerce Regulation Kemenkumham has a strategic advantage in examining and enforcing laws related to e-commerce in Indonesia. Kemenkumham was directly involved in the establishment of Law No. 11 of 2008 on Electronic Information and Transactions (ITE Law), as the institution responsible for drafting legal regulations, serving as the main legal foundation for e-commerce in Indonesia. The ITE Law covers various aspects of electronic transactions, such as consumer protection and transaction security.

Additionally, Kemenkumham played a role in drafting Government Regulation No. 80 of 2019 on Trade Through Electronic Systems (PP 80/2019), which specifically regulates the procedures for commerce through e-commerce platforms. This regulation aims to create a safe and reliable trading environment and prevent harmful practices for consumers or business actors (Ministry of Trade of the Republic of Indonesia, 2019).

Kemenkumham also contributes to the enforcement of these regulations by collaborating with other institutions such as the Ministry of Communication and Information Technology (Kominfo), Bank Indonesia, and the Ministry of Trade to ensure that electronic transactions comply with applicable legal principles. The role of Kemenkumham aims to ensure that existing regulations are properly implemented and provide protection for all parties involved in electronic commerce.

2. Pros and Cons of E-Commerce for Business Actors and Consumers E-commerce

Pros and Cons of E-Commerce for Business Actors and Consumers E-commerce offers significant benefits for both businesses and consumers, presenting both advantages and disadvantages. One of the main benefits for consumers is the convenience of accessing various products and services without concerns about time or location. With platforms such as Shopee, Lazada, and Tokopedia, consumers can easily compare prices, read product descriptions, and choose the most convenient and secure payment methods. Additionally, e-commerce allows consumers to shop at any time, even beyond the operational hours of physical stores.

However, for business actors, particularly traditional traders who engage in transactions at a slower pace, the growth of e-commerce has brought significant changes. Many traders are dissatisfied with the presence of digital platforms as they are forced to compete with larger companies that have the capacity to offer more competitive prices and faster distribution. The expansion of e-commerce has also widened the gap between large and small enterprises and slowed the pace of work in the traditional trade sector.

Furthermore, e-commerce poses several challenges for consumers, including risks related to data security, online shopping fraud, and product delivery delays. Although

existing regulations help protect consumers, enforcement and supervision of unfair or harmful practices still need to be strengthened.

3. Challenges Faced by Kemenkumham in Regulation Implementation and Oversight

Challenges Faced by Kemenkumham in Regulation Implementation and Oversight Despite the presence of regulations governing electronic commerce in Indonesia, their implementation continues to face several challenges. One of the primary challenges is the rapid advancement of technology. Transactions in the e-commerce industry often occur faster than the regulatory approval process. This makes existing regulations ineffective in addressing emerging issues. Kemenkumham also faces challenges in overseeing the implementation of regulations. Given the global nature of electronic commerce and the lack of geographical boundaries, regulating businesses engaged in risky or harmful behaviors is highly complex. Additionally, many e-commerce platforms are based overseas, making supervision more difficult, especially concerning compliance with Indonesian laws.

Another issue is the imbalance between large and small business owners. Large corporations, especially those operating internationally, often have unclear legal status or standing in Indonesia. Kemenkumham needs to be more proactive in developing international cooperation to address this issue and provide more comprehensive oversight of all platforms operating in Indonesia.

4. Policy Recommendations to Address E-Commerce Challenges

Policy Recommendations to Address E-Commerce Challenges Based on the analysis conducted, several recommendations can be made to mitigate e-commerce challenges and ensure the continuous growth of this sector without harming consumers or business owners:

- **Supervision and Law Enforcement:** Kemenkumham should enhance its oversight capacity over e-commerce platforms by collaborating with various agencies, such as the Ministry of Communication and Information Technology and other relevant institutions. Additionally, stricter regulations should be imposed on entrepreneurs who violate established provisions.
- **Adaptive and Responsive Regulations:** Existing regulations should be continuously updated to reflect technological advancements and market dynamics. Kemenkumham can collaborate with relevant stakeholders to implement more flexible and responsive regulations that keep up with the rapid changes in the e-commerce sector.
- **Empowerment of Small and Medium Enterprises (SMEs):** To reduce the gap between large and small business actors, Kemenkumham should work with relevant

departments to provide training and support for SMEs to operate safely in the e-commerce industry. This includes protecting intellectual property rights and ensuring compliance with legal principles.

- **Stronger Consumer Protection:** Kemenkumham should strengthen regulations that protect consumers from fraudulent practices or misuse of personal data. It is also crucial to educate consumers about their rights and how to handle online purchases.

Hypothesis on the Pros and Cons of E-Commerce

Hypothesis: E-commerce has the potential to provide significant benefits in terms of accessibility, purchasing convenience, and efficiency, but it also raises challenges and concerns related to privacy, security, and economic conditions.

Pro Arguments:

1. **Easy Access:** E-commerce allows customers to shop online conveniently without interruptions. This increases accessibility to products and services, especially for those living in remote areas or regions with physical limitations.
2. **Greater Choice:** In e-commerce, consumers have wider access to a variety of products and services from different vendors and merchants. This enables them to compare prices, quality, and specifications before making a purchase decision.
3. **Transaction Simplicity:** Online shopping simplifies transactions. Customers can make payments digitally through various methods, such as bank transfers, credit cards, or digital wallets. Additionally, it facilitates sellers in managing payments and inventory.

Contra Arguments:

1. **Privacy and Security:** E-commerce often puts personal information and financial security at risk. This increases the likelihood of data breaches and fraudulent online transactions. Consumers must be cautious about their privacy and protect their personal information.
2. **Economic Impact on Traditional Sectors:** E-commerce has replaced traditional business practices and often negatively affects conventional businesses, such as increasing labor costs and slowing down job completion. This can lead to economic stagnation in certain regions.
3. **Loss of Shopping Experience:** For many people, shopping in physical stores offers a unique experience that cannot be replicated online. Social interactions, physical product inspections, and discreet purchasing are some aspects that are limited in e-commerce.

Conclusion

Based on the study of the efforts of the Ministry of Law and Human Rights (Kemenkumham) in addressing the advantages and disadvantages arising from the growth of e-commerce in Indonesia, it can be concluded that:

1. **The Role of Kemenkumham in Regulation:** Kemenkumham plays a crucial role in analyzing and enforcing laws related to electronic commerce through Law No. 11 of 2008 on Electronic Information and Transactions (UU ITE), which has been amended, and Government Regulation No. 80 of 2019 on Electronic Transactions. The purpose of these regulations is to ensure that electronic transactions are secure, reliable, and enforceable for both consumers and business operators.
2. **Benefits and Drawbacks of E-Commerce:** While e-commerce offers various benefits for consumers, such as the convenience of online shopping, it also poses challenges for business operators, especially conventional businesses that experience slower sales. Additionally, e-commerce raises several issues, including transaction security, privacy protection, and its impact on the local economy.
3. **Challenges in Implementation and Supervision:** Kemenkumham faces significant challenges in implementing and enforcing regulations related to e-commerce, particularly in keeping up with rapid technological advancements, addressing tensions between large and small business operators, and enforcing regulations on foreign platforms operating in Indonesia.
4. **The Need for Policies and Solutions:** More responsive and adaptive policies are needed to accommodate the growth of the digital world, along with stricter supervision of e-commerce practices. Furthermore, it is crucial to enhance consumer protection and provide safeguards for small business owners to ensure they can operate in a fair and sustainable business environment.

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