Interdisciplinary Social Studies
P-ISSN: 2808-0467
E-ISSN: 2808-5051

Legal protection of personal data in e-commerce online transactions with the paylater method

Muhamad Wildan Adzikri, Universitas Swadaya Gunung Jati, Cirebon, West Java, Indonesia
Erix Purwanto*, Universitas Swadaya Gunung Jati, Cirebon, West Java, Indonesia
Choerul Gilang Permana, Universitas Swadaya Gunung Jati, Cirebon, West Java, Indonesia
Tina Marlina, Universitas Swadaya Gunung Jati, Cirebon, West Java, Indonesia
Rd. Handiriono, Universitas Swadaya Gunung Jati, Cirebon, West Java, Indonesia

*Email for Correspondence: erixpurwanto@gmail.com

Keywords:

legal protection
personal data
e-commerce

ABSTRACT

The internet has been widely used in Indonesia as a support for communication and information in various electronic media. The rapid development of the times makes technology even more increasing. This gave rise to several e-commerce applications in online sales and purchases such as Shopee, Tokopedia, Akulaku, Traveloka, and many others, some of these e-commerce applications have features that can make it easier for consumers to make buying and selling transactions, namely the Paylater feature. The focus of this research is to find out about the legal protection of personal data to consumers and the efforts made to the parties in an e-commerce transaction using the PayLater method. This research uses the Normative Juridical method and applies legislative and conceptual approaches. The results of the research obtained found that legal protection for PayLater Credit service users is contained in the regulations of Law No. 8 of 1999 concerning Consumer Protection, POJK Number 77 / POJK.01 / 2016 and Law No. 19 of 2016 concerning Electronic Information and Transactions. And in Law Number 27 of 2022 concerning Personal Data Protection. Meanwhile, PayLater Credit dispute resolution is more effectively implemented with the APS (Alternative Dispute Resolution) method, one of which is by creating a PSD (Online Dispute Resolution) institution.

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INTRODUCTION

Technology has significantly impacted people's lives, with the internet being a vital tool for communication, information, and various activities. The internet is a social media network that changes the economic, social, and cultural order of people's lives. The dynamic development of technology encourages companies to provide excellent service and innovate to create quality services for the community (De Silva et al., 2021; Linde et al., 2021; Randhawa et al., 2021). The internet also impacts customer behavior by increasing the number of customers who use it to make purchases.

E-commerce has become a digital era, making buying and selling transactions easier for modern humans and people in various regions and provinces, including Indonesia, where Shopee is the largest online store. Digital businesses in Indonesia continue to grow and innovate, especially in the field of electronic payment systems used in online buying and selling transactions (Achmad, 2023; Raharja et al., 2020; Yucha et al., 2020). The growth of electronic payment systems in Indonesia is expected to improve the economy, as many Indonesian people are not familiar with conventional bank facilities or credit lines.

The emergence of e-commerce has changed the behavior of consumers who initially had to make transactions by buying directly from the market or from the store itself, but now it is easier to make purchases that can be made from home. Various consumer perceptions regarding distance, price, promotions and location are determined to be the main factors in this behavior change (Dsalimunthe, 2017; Kotler & Keller, 2016). In addition, the main reason for this change in online shopping behavior is that in principle many online stores offer various kinds of convenience. However, still, the number of conveniences cannot be separated from various factors that cause some customers to be not interested in transacting online, one of which is the risk due to the risk of fraud in terms of quality or payment system (Farki & Baihaqi, 2016). The

relatively easy registration makes paylater superior in the eyes of consumers even though it has the same function as a credit card. Paylater provides relief for consumers to meet various needs, ranging from primary, secondary to tertiary such as purchasing airline tickets, hotel reservations, entertainment tickets, and others, by allowing users to make payments on a scheduled and predetermined due date.

With the PayLater feature in some e-commerce, it has become popular by having an ease in making a loan online. Finteich emerged and provides convenience for everyone in doing business, including with this credit service. Because of its ability to be used to pay for purchases in a "later" way, PayLater is becoming increasingly popular and widely used for various transactions, including basic necessities to daily needs ranging from online shopping to purchasing internet data packages. In this case, the PayLater feature is undoubtedly in a transaction made on the Shopee application. PayLater is similar to a credit card in general. Buy now and pay later is the main concept of payment features in today's modern era. With technological advances in terms of payment systems on e-commerce sites making all people feel an ease in using it, the PayLater feature has become very popular quickly. Thus, many people have started to use it and feel the benefits (Farki & Baihaqi, 2016).

The Paylater feature in some e-commerce is getting more and more popular because of the pay-later feature that makes it easier for consumers to make an online shopping transaction . This is very preferred by workers and young people in making a transaction that is carried out at any time without having to wait for a salary and pocket money to exist when they have a need to be fulfilled in the near future. This is done because it is very easy compared to getting a credit card which takes a long time and a complicated process.

Based on what the researchers discovered, that some things in Paylater method transactions, especially in Shopee Paylater, there is the spread of personal data when consumers cannot pay bills according to the predetermined due date. Then Shopee also makes spam calls to consumers using a random number that contacts the consumer to immediately make a payment, this is not the last step for Shopee, but Shopee also makes spam calls to the closest contacts from the consumer side who have been listed in the initial agreement to create a Paylater account. Consumers feel disturbed and insecure if their personal data including phone numbers are randomly terrorized by unknown numbers. Then, the researcher also rediscovered the same case as in one of the cases on the Traveloka account that had been hacked by a party other than the account owner, causing the account owner to worry because he felt disadvantaged and received several notifications containing transaction invoices (Amaraesty, 2020).

In this case, the case study found by the researcher above means that it is related to a personal data protection which is then specifically regulated in the Regulation of the Minister of Communication and Information of the Republic of Indonesia Number 20 of 2016 concerning the Protection of Personal Data in Electronic Systems. The regulation states that the personal data of an attacker has the right to confidentiality. The service provider must be responsible for maintaining the confidentiality of the personal data because its nature is privacy in accordance with the consent of the personal data owner. The rules regarding the principles of personal data protection are contained in Article 2 paragraph (2) of the Regulation of the Minister of Communication and Information Technology Number 20 of 2016.

The presence of law in all aspects of community life is the reason for the process of integration and coordination of interests that are usually conflicting. Therefore, the law must be able to integrate them to minimize a conflict of interest. Legal protection itself is a combination of two words, namely protection and law. KBBI explained that the word "protection" means a place of refuge or something that protects. Meanwhile, the meaning of the legal concept put forward by Mertokusumo (2010) is a set of rules regarding human behavior in social life, the fulfillment of which is controlled by sanctions.

As a form of safeguarding or protecting human rights, legal protection aims to enable people to have all their rights equally and equally in accordance with what has been provided by the law (Rahardjo, 2012). This legal protection exists to protect every legal subject who has dignity and dignity in accordance with what has become a legal provision, in the form of a set of rules or rules that protect one thing from another (Hadjon, 1997). As a series of efforts to fulfill human rights and to create a sense of security for witnesses and victims, this is manifested in several forms such as the provision of restitution, legal assistance, medical services and also compensation (Muhammad, 2014).

The research conducted emphasizes the legal significance and privacy of personal data, underscoring its importance and the necessity of its protection from free dissemination. From this background, the author identifies two primary focuses: the legal protections for e-commerce transactions utilizing the Paylater method, and the resolution efforts undertaken by both parties in such transactions.

METHOD

This research uses the Normative Juridical method and applies legislative and conceptual approaches. This study used objects in the form of legal norms is carried out through the process of finding legal rules, legal principles, and legal doctrines to provide an answer to the legal issues faced.

RESULTS AND DISCUSSION

Legal Protection for E-Commerce Transactions with the Paylater Method

In doing something, it must have existing rules and has been regulated, in this case some users of electronic media in transactions cannot be careless in filling in something that will be agreed upon by both parties. With an agreement that will be agreed by both parties, something that is not desired by a party will not happen. In this case, users of an e-commerce by opening the Paylater method do a personal data needs to be filled in and completed very completely, in order to prevent errors and a data leak.

All of these things have been regulated in an existing and applicable law. The legal regulation of agreements is basically regulated in the Civil Code, one of which is in Article 1320 of the Civil Code, namely agreement, legal competence, certain objects, and halal causa, in addition to the above, it is also regulated in the ITE Law, namely Law No. 11 of 2008 as amended into Law No. 19 of 2016 concerning Electronic Information and Transactions. Law No. 8 of 1999 concerning Consumer Protection, and POJK No.10/05/2022 concerning Information Technology-Based Joint Funding Services (LPBBTI). The provider, Shopee Paylater, has provided the precautionary principle in practice, namely the 5Cs including, Character, Capacity, Capital, Collateral, Condition of Economy in order to prevent default in shopee paylater online loan transactions. Furthermore, supervisory institutions, namely OJK and Bank Indonesia, provide the precautionary principle by verifying validity with a debtor information system. The researcher suggested that OJK should provide socialization to the public on online lending and inform about the consequences that will be experienced if people who register for online loans default.

FinTech is an online loan. Online loans provide convenience because they only attach importance to the interests of both parties without having to know or meet face-to-face. This causes the challenge to run this online loan business even greater (Bank Indonesia, 2023). Blockchain technology has a close relationship with Cybersecurity, including digital data protection which is the main architecture in the digital economy. The philosopher Cicero gave the maxim of Roman law that remains relevant to the development of information technology, namely "*ubi societas ibi ius*" that society shapes its laws, so that societies that interact technologically dynamic in the ecosystem and industry of the digital economy ipso facto form a legal regime that is Sui Generis, namely the Digital Economic Law (Digital Economic Law), including the existence of Lex Digitalis Contractus as a legal conceptual for the use of blockchain technology, especially smart contracts. The Lex Digitalis Contractus shall provide adequacy, force, validation, and sanction for the legal principles of smart contracts as an evolving discipline (Wright & De Filippi, 2015).

Settlement Efforts Made by Both Parties in an E-Commerce Transaction Using the Paylater Method

Efforts for a settlement by both parties are certainly important. Where in this case consumers must also fulfill the obligation to make a payment to the e-commerce party that has organized a transaction with a Paylater method. The service provider must also have a full guarantee of the comfort and security of consumer personal data, because in this case there are several cases that have been studied, for example, in Paylater method transactions, especially at Shopee Paylater with the spread of personal data when consumers cannot pay bills that are in accordance with the predetermined maturity. Then, Shopee also makes spam calls to consumers using random numbers that contact consumers to immediately make a payment. In this case, this is not a final step for Shopee. However, Shopee also makes spam calls to the closest contacts of consumers who have been listed in an initial agreement to create a Paylater account. This makes consumers feel uncomfortable and disturbed if their personal data and even the phone numbers listed are randomly contacted from several parties in a billing made with unknown numbers. This includes personal data protection for consumers which has been contained in article 2 paragraph (2) of Permenkominfo No 20/2016 as an article regulating the principles of Personal Data Protection. The e-commerce application must be fully responsible for the losses that have been suffered by consumers, both material and immaterial.

Dispute resolution for a consumer who is aggrieved from the dissemination of personal data according to Indonesian law is carried out through two channels that can be used by a consumer to resolve a personal data dispute, namely litigation (through court) by conducting a civil lawsuit to the operator with the Paylater method in accordance with the procedures stipulated by law. Then, the next step in resolving disputes outside the court (non-litigation) can be taken through BPSK (Consumer Dispute Settlement Agency) which has a duty and authority including its implementation in handling and resolving consumer disputes, by conducting mediation and arbitration and conciliation. In this case, apart from being a medium for dispute resolution, it can also impose an administrative sanction for a business actor (Electronic System Operator) who violates certain prohibitions imposed on business actors (Barkatullah, 2017).

This has also been regulated in article 52 of Law Number 8 of 1999 concerning Consumer Protection. In this case, the case of dissemination of personal data on Shopee users with the Paylater method is carried out by a third party or debt collector which can be concluded that the protection of a system and personal data on Shopee is not safe. Violations that have been committed by Shopee by allowing consumers' personal data to be dropped to third parties or debt collectors. This is a violation of user rights, which have been protected

by law on the basis of an agreement and on the basis that Shopee as the organizer of the Paylater system method. In this case, it has been written in a policy that Shopee has guaranteed that there will be no sale, transfer, distribution, and loan of users' personal data to third parties or other parties without permission except in the case of complying with a legal obligation or a valid request from a law enforcement official in sharing data or a user information necessary in order to be eligible for credit to rating agencies or bureaus credit or credit information management institution (LPIP).

Given the vulnerability of misuse of personal data, Chairman of the Indonesian Consumer Community (KKI) David said that the Ministry of Communication and Information took steps to temporarily close a buying and selling transaction on a platform that experienced a personal data leak. In this case, it aims to minimize an impact of leaking consumer data. In other cases, for consumer problems the government does not have a way and a solution related to the problem of personal data leakage. Regarding a consumer and this, the leak of personal data has clearly been committed a lot of violations, considering that personal data has been regulated in several regulations such as, the Law on Information and Electronic Transactions, even in the Constitution of the Republic of Indonesia (Sihotang, 2024).

In the opinion explained by Abdul Salam, it was mentioned that electronic platforms that use the choice of law of other countries are still legitimate. This is based on Law Number 11 of 2008 which regulates electronic information and transactions, namely Law Number 19 of 2006. The article outlines that there is authority for the parties to determine the law and determine whether to use a court forum, arbitration, or institution in charge of handling other disputes resulting from the use of international Electronic Transactions. For this reason, it is clear that the parties have the freedom to make a choice of law.

For consumers, consumers should really consider and read carefully regarding legal options or dispute resolution that already have standard and applicable arrangements for the platform. This is intended if there is a clause that the consumer does not agree to for reasons of not reading or understanding the terms and conditions (terms & conditions), these reasons will not be accepted. When the consumer states the agreement, the consumer has been declared subject to all the terms and conditions that have been made by the platform. The let the buyer beware principle that is applied thus has a huge impact in an agreement which in this case is the PayLater Credit agreement.

In the financial technology business, civil disputes may occur between investors or borrowers and debtors as parties who receive loans from investors. Generally, disputes that occur are triggered because consumers do not comply with the contractual agreement that has been mutually agreed before. For this reason, settlement of PayLater Credit business disputes can be done either through litigation or court channels or non-litigation or outside the court. Based on the Law on Information Technology and Electronics that any individual can sue the Electronic System operator and/or Information Technology user who causes losses. In this case, the individual is given the right to sue vicariously against the party who made the loss in the Electronic System and/or Information Technology. This is as stipulated in the Laws and Regulations. The implementation of civil claims (via court) must refer to the Laws and Regulations. The parties may also resolve conflicts through arbitration channels or other alternative dispute resolution institutions in accordance with the provisions of the Laws and Regulations.

Dispute resolution in the business world has been widely done by entrepreneurs through Alternative Dispute Resolution (APS). This is an out-of-court dispute resolution effort. In this case, the types of disputes that can be resolved include conflicts related to financial technology. Some reasons that make entrepreneurs reluctant to choose the litigation path for dispute resolution with consumers are the lack of conducive reputation of Indonesian courts, especially for business development. The long judicial process is also another reason why business people are reluctant to choose the litigation path, coupled with a convoluted process, requires expensive costs with rulings that are difficult to execute and are open to the public. In the end, confidentiality guarantees for the parties tend to be non-existent.

The high interest in resolving cases with out-of-court channels through APS is due to the process which is considered more efficient and effective. There are several model options for business people who want to resolve disputes through APS, which include negotiation, conciliation, Adjudication, Arbitration, binding opinion, and mediation. In this case, the parties to the first dispute will be given advice to resolve the problem by negotiation without involving third parties. However, when the negotiation channel does not find an agreement to reconcile, the parties will be advised to involve a third party who is considered capable of assisting in the dispute resolution process. Third parties to dispute resolution include legal experts, adjudicators, arbitrators, mediators, and conciliators.

However, there is no rule in Law 30/1990 on Arbitration and APS regarding the adjudication route as a way of dispute resolution. However, adjudication has been regulated in OJK Regulation number 1 / POJK.07 / 2014 which regulates APS Institutions in the Financial Services Sector. Adjudication is actually not much different from Arbitration, even with a much simpler and faster process. In dispute resolution through adjudication, the applicant (small customer) will be given a choice regarding whether he approves or

rejects the results of the Adjudication decision. If agreement is obtained from the applicant where he agrees to the Adjudication decision, the award will be final and binding. The respondent (financial services institution) in this case is not given the right of option so it must accept whatever the result of the Adjudication decision. Unlike adjudication, this kind of option right cannot be found in the process of resolving disputes through arbitration (Hariyani, 2017).

The APS Institution requires that disputes involving financial services industry activities are civil, agreed upon by parties, resolved through the institution, not involving criminal cases, and not related to administrative violations. These requirements ensure that disputes are handled fairly and efficiently.

Judging from its type, PayLater Credit is not an Online-Based Business. Therefore, dispute resolution related to the PayLater Credit business is actually considered inappropriate if handled by conventional APS Institutions (offline). Online Dispute Resolution (ODR) is thus a more effective way. PSD is a product of collaboration between Alternative Dispute Resolution (APS) and Information and Communication Technology (ICT). In its implementation, APS resolves disputes online using the internet. This makes dispute resolution through APS shorter, easier, and cheaper. OJK as the financial services authority must first issue OJK Regulations which will later be used as a legal umbrella for the establishment of PSD Institutions. Dispute resolution methods that can be applied by PSD institutions include Negotiation, Binding Opinion, Mediation, Adjudication and Arbitration. In the PSD institution, there is no conciliation option because basically it is not much different from Mediation. Arbitration on the other hand is only feasible to settle disputes in businesses worth more than IDR 500 million. Every PSD dispute resolution process is carried out via the internet where the parties do not need to meet face-to-face.

The basis for the establishment of PSD is the ITE Law. The establishment of PSD is carried out because of the consideration that any information and electronic data is considered to be able to be used as evidence that has legal force in a dispute resolution. PSD was formed by referring to Article 41 of the ITE Law as its legal basis. The role of the community related to this is the use of information technology and electronic systems as well as electronic transactions as regulated in the ITE Law. This role can be realized through ITE field institutions that act as consultants and parties who serve mediation. PSD has also indirectly been regulated by Article 18 paragraphs 4 and 5 of the ITE Law. The parties involved are authorized to determine the forum of courts, arbitrations or institutions that have the authority to resolve disputes related to international electronic transactions. In case the choice of forum is not determined by the parties, then the principle of Private International Law will be established. PSD and ODR are alternative institutions for alternative dispute resolution that refer to Private International Law. Both institutions have been approved by the United Nations at the annual ODR conference and the establishment of the Expert Group on ODR.

Law Number 30 of 1999 concerning Arbitration and Alternative Dispute Resolution provides space for the community to agree on an Alternative Dispute Resolution ("APS") outside the existing dispute resolution institution, namely the Court, with agreed procedures and in a predetermined way, namely by means of consultation, negotiation, mediation, conciliation, or expert assessment. However, in accordance with Article 6 paragraph (2) of the Arbitration Law and APS, dispute resolution is resolved in a direct meeting by the parties within a maximum of 14 days and the results are stated in a written agreement.

From the provisions above, we are of the view that online arbitration and Online Dispute Resolution (ODR) have so far not been applicable in Indonesia because both Arbitration and APS require issues/disputes to be resolved in direct meetings by the parties and the physical presence of the parties before the Arbitration court.

CONCLUSION

Legal protection of personal data is very important for users who provide their personal data to several e-commerce applications. This is regulated in every Law as contained in Law No. 8 of 1999 concerning Consumer Protection and also ITE Law No. 19 of 2016 concerning Electronic Information and Transactions. If the users in an agreement on the Paylater feature violate a provision stated in the agreement, then the party must pay in accordance with the agreed terms and when the e-commerce application violates existing rules by disseminating personal data of users, the e-commerce application must be responsible for everything it has done. Because of this, it is detrimental and makes the users feel depressed. The settlement of both parties in paylater transactions in Article 1243 of the Civil Code, paylater operators related to collecting default loans to consumers using third parties as debt collectors are not allowed to intimidate consumers, for example terrorizing the consumer's phone number using random and unknown numbers because it will cause anxiety and worry to consumers, this has been contained in Article 2 which covers the legal principles in the Consumer Protection Law.

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