

RECONSTRUCTING CONTRACT LAW: ADDRESSING IMBALANCES AND ETHICAL CHALLENGES IN MODERN COMMERCIAL TRANSACTIONS

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Abstract

The rapid growth of Indonesia's digital economy has significantly transformed consumer-business interactions, particularly with the rise of e-commerce platforms. As digital platforms like Tokopedia, Shopee, and Go-Jek dominate the market, there are growing concerns about consumer exploitation, pricing manipulation, and data privacy violations. Despite the existence of consumer protection laws, such as Law No. 8 of 1999 on Consumer Protection and Law No. 7 of 2014 on Trade, these regulations fail to fully address the unique challenges posed by the digital economy. This study critically examines the gaps in Indonesia's current consumer protection laws and proposes reforms to create a more transparent and equitable digital marketplace. By integrating global best practices and focusing on ethical trade practices, this research highlights the importance of algorithmic transparency, fair pricing, and data protection in the digital economy. The study concludes that a legal reconstruction is necessary to ensure that consumer rights are protected and that businesses operate fairly in the digital age.

Keywords: Consumer protection, contract law, digital economy, e-commerce, data privacy, algorithmic pricing, fair trade practices.

INTRODUCTION

Indonesia's digital economy has undergone an extraordinary transformation, making it one of the largest and most dynamic digital markets in Southeast Asia. According to the e-Conomy SEA 2023 Report by Google, Temasek, and Bain (2023), Indonesia's digital economy was valued at USD 82 billion in 2023, with projections indicating it will remain the largest digital market in the region by 2030. This impressive growth is driven by the widespread adoption of mobile devices, increased internet penetration, and the increasing popularity of e-commerce platforms such as Tokopedia, Shopee, Bukalapak, and Go-Jek. These platforms have revolutionized the way consumers and businesses interact, offering unprecedented access to products, services, and information (Google, Temasek, & Bain, 2023). However, the rapid expansion of digital platforms and e-commerce has introduced significant challenges in consumer protection. Despite the economic benefits provided by these platforms, consumers face growing risks such as data exploitation, pricing manipulation, hidden fees, and lack of transparency in digital contracts. Indonesia's existing legal frameworks, such as Law No. 8 of 1999 on Consumer Protection and Law No. 7 of 2014 on Trade, were designed for traditional commerce and are insufficient to tackle the unique challenges of digital transactions and platform-based business models (Nainggolan et al., 2025).

For instance, the Consumer Protection Law is primarily concerned with physical product transactions and does not account for the complexities of online contracts, algorithmic pricing, or the exploitation of personal data. In digital transactions, consumers often enter clickwrap agreements (contracts where users must accept terms to proceed) without fully understanding the terms or having the opportunity to negotiate. This leaves consumers exposed to hidden charges, unclear terms, and unfair practices. Furthermore, data privacy remains a critical issue, as platforms collect and use vast amounts of personal data without adequate disclosure or informed consent (Hassan, 2022). The rise of platform monopolies—such as the dominance of Shopee, Go-Jek, and Tokopedia—has further highlighted the gaps in consumer protection laws. These platforms control not only market access but also pricing models and consumer data, often making it difficult for consumers to make informed decisions. Nainggolan et al. (2025) highlight the issue of information asymmetry, where consumers lack access to clear information on how platform algorithms influence pricing, service availability, and product visibility. The power imbalance between digital platforms and consumers can result in unfair treatment, price discrimination, and exploitation of personal

information. The existing regulatory framework is increasingly inadequate in providing meaningful consumer protection in this digital age. As e-commerce platforms grow, legal reforms are needed to ensure that consumer rights are protected against unfair pricing, hidden terms, data misuse, and other unethical business practices. Indonesia must reconstruct its legal framework to enhance transparency, platform accountability, and data privacy, ensuring that consumers can participate confidently and securely in the digital marketplace (Grewal & Roggeveen, 2022). This study will examine the gaps in Indonesia's current consumer protection laws and propose legal reforms to address the unique challenges of digital commerce. The research will focus on the need to update Indonesia's laws to better regulate digital contracts, algorithmic pricing, platform monopolies, and data privacy, ultimately ensuring a fairer and more transparent digital marketplace for consumers.

LITERATURE REVIEW

The digital economy has transformed traditional commerce in unprecedented ways, creating both opportunities and challenges for consumers and businesses. E-commerce platforms, such as Shopee, Tokopedia, and Go-Jek, have enabled consumers to access goods and services with greater convenience, while offering businesses new avenues for growth. However, with the rapid expansion of digital trade, significant concerns have emerged regarding consumer protection, particularly in the areas of pricing manipulation, data privacy, and the lack of transparency in digital contracts. Digital platforms have rapidly emerged as the dominant force in modern commerce, reshaping the relationship between consumers and businesses. According to Grewal & Roggeveen (2022), the dominance of digital platforms has resulted in new consumer vulnerabilities, especially in the form of data privacy violations, pricing manipulation, and unfair terms in digital contracts. Shopee, Tokopedia, and Go-Jek have become powerful players in the digital market, yet their widespread dominance has raised critical concerns about the power imbalance between these platforms and the consumers they serve. Consumers often lack bargaining power and face challenges in protecting their rights in digital transactions, as these platforms control market access and pricing models without clear transparency.

One major issue identified in the literature is the unpredictability and lack of transparency in pricing models used by digital platforms. Dynamic pricing algorithms and surge pricing, commonly used in ride-hailing services such as Go-Jek, adjust the price in real-time based on consumer behavior, market demand, and location. While these models may help platforms optimize supply-demand balance, they often lead to unpredictable pricing, leaving consumers feeling exploited when charged more than expected. Binns (2023) highlights that dynamic pricing undermines fairness by allowing businesses to exploit consumer data to set higher prices without transparent reasons. Another area of concern highlighted in the literature is the use of digital contracts in the form of clickwrap agreements. These contracts, which require consumers to accept terms of service by clicking "I agree," are commonly found in digital platforms. Nainggolan et al. (2025) point out that these agreements often lack clarity and mutual consent, as consumers are required to agree to long, complex terms without the opportunity to negotiate. The information asymmetry between consumers and digital platforms exacerbates the problem, as consumers may not fully understand the implications of the terms they are accepting, especially when terms related to pricing models, data collection, or product guarantees are hidden in fine print. This issue raises ethical concerns, as consumer autonomy is compromised when platforms enforce contracts that are not fully transparent or easily understood.

The lack of standardized practices in digital contracts creates further challenges for consumers. Unlike traditional contracts, which are typically negotiated face-to-face, digital contracts often lack clear explanations of the rights and obligations of each party. As Grewal & Roggeveen (2022) emphasize, digital contracts often contain clauses that can lead to unfair treatment or discriminatory pricing based on personal data or user behavior. Without a clear understanding of the terms, consumers are left exposed to exploitative practices that undermine their rights and economic autonomy. Data privacy remains one of the most significant issues in the digital economy. Platforms collect vast amounts of personal data from consumers, including browsing history, location data, and purchasing patterns, often without explicit consent or clear disclosure of how this data will be used. This data is used to personalize ads, set prices, and influence consumer behavior, but consumers rarely have full visibility into how their data is used. Hassan (2022) argues that data privacy violations are a major concern in the digital economy, as platforms monetize personal data without sufficient consumer consent or knowledge. This data is often shared with third parties, which raises questions about the security and ownership of consumer information. Nainggolan et al. (2025) emphasize that the lack of consumer control over personal data is a critical issue, as consumers often do not have the right to opt-out of data collection or delete their data. While Indonesia's Personal Data Protection Law (No. 27/2022) provides some protection, it is insufficient in addressing the global nature of data collection. For instance, global platforms like Facebook and Google collect vast amounts of data, but are often able to bypass local regulations

due to the cross-border nature of data flows. This creates significant challenges for regulating data privacy, as consumers in Indonesia remain vulnerable to data exploitation and misuse by platforms that are not held accountable under local laws. The use of algorithmic pricing in e-commerce and platform-based services like ride-hailing and food delivery has introduced concerns about pricing manipulation and consumer exploitation. Dynamic pricing algorithms, which adjust prices based on real-time data, are commonly used to increase prices during peak times or when demand surges. This practice can be seen in ride-hailing apps like Go-Jek, where surge pricing can multiply the base price depending on the time of day and location. While surge pricing aims to balance supply and demand, it often leads to price unpredictability and consumer dissatisfaction. Binns (2023) highlights that algorithmic pricing can lead to price discrimination, where two consumers can be charged different prices for the same service based on their location or personal data. This undermines the principle of fair pricing, as consumers are often unaware of how their data is influencing the price they pay. Furthermore, the lack of algorithmic transparency means that pricing models are set in ways that are often opaque and not easily understood by consumers. As Heeks (2022) argues, this lack of transparency allows platforms to manipulate prices based on consumer profiles, creating a system where consumers are exploited through data-driven decisions.

METHOD

This study employs a qualitative, juridical-normative approach to critically evaluate Indonesia's legal framework regarding consumer protection in the digital economy. The research aims to identify gaps in current regulations and propose legal reforms that can better protect consumers in the digital marketplace. It combines doctrinal legal analysis with empirical research to offer a comprehensive assessment of Indonesia's consumer protection laws in the context of e-commerce, data privacy, and algorithmic pricing. The first phase of the research involves a doctrinal legal analysis of Indonesia's existing consumer protection laws, including Law No. 8 of 1999 on Consumer Protection, Law No. 7 of 2014 on Trade, and Law No. 27 of 2022 on Personal Data Protection. This phase aims to assess the adequacy of these laws in regulating digital contracts, pricing algorithms, and the growing issues related to data privacy and cross-border transactions. The research will examine how well these laws address the complexities introduced by digital platforms and platform monopolies that control market access, pricing models, and consumer data.

The second phase involves a comparative legal analysis, focusing on global best practices in digital consumer protection. The study will analyze frameworks such as the General Data Protection Regulation (GDPR) in the European Union, which provides a robust model for data privacy and consumer consent in the digital economy. In addition, the Digital Markets Act (DMA) will be reviewed to understand how it regulates platform monopolies and ensures fair competition. These comparisons will highlight regulatory approaches that could be adopted to improve Indonesia's consumer protection framework and address the unique challenges of the digital marketplace. Finally, the study incorporates empirical research through interviews with legal experts, e-commerce business owners, and consumers to gather insights on real-world challenges and the practical effectiveness of current consumer protection laws. The research will use surveys and semi-structured interviews to collect data on the consumer experience, including issues related to pricing manipulation, unfair contracts, and data privacy concerns. The empirical findings will be analyzed to identify key issues and inform recommendations for legal reforms that would create a more fair, transparent, and equitable digital marketplace.

RESULTS AND DISCUSSION

A. Legal Gaps in Consumer Protection Frameworks

Indonesia's current consumer protection laws, notably Law No. 8 of 1999 on Consumer Protection and Law No. 7 of 2014 on Trade, provide a strong foundation for protecting consumers in traditional market settings. However, the rise of digital platforms and the digital economy has exposed several significant gaps in these laws. While the laws effectively address issues such as product safety and informational transparency in physical transactions, they fail to regulate the unique complexities posed by digital contracts, algorithmic pricing, platform monopolies, and cross-border data flows. As e-commerce becomes a dominant mode of business and consumer interaction, these regulatory gaps have left digital consumers increasingly vulnerable to exploitation and unfair business practices.

- **Inadequate Regulations for Digital Contracts** One of the most critical legal gaps is the absence of clear regulations for digital contracts, which are becoming the primary form of agreement in e-commerce. In traditional markets, contracts are typically negotiated and signed in person, providing an opportunity for consumers to review terms and ask questions. However, digital contracts are usually non-negotiable, and

consumers are often asked to agree to terms without fully understanding them. Clickwrap agreements, in particular, require users to accept terms by clicking a button without any negotiation or real understanding of the contractual terms. Nainggolan et al. (2025) point out that the Consumer Protection Law was not designed to regulate the nature of digital contracts, particularly clickwrap agreements, which have become ubiquitous in digital platforms.

These digital contracts are often lengthy, complex, and full of legal jargon, making it nearly impossible for the average consumer to comprehend the terms they are agreeing to. Consumers are often presented with hidden clauses related to data privacy, pricing models, or product guarantees that are buried in the fine print. In many cases, consumers only become aware of these terms when issues arise, such as unexpected charges or disputes over service terms. The lack of transparency in these contracts leaves consumers at a significant disadvantage, as they are unable to make informed decisions about their digital purchases. As Grewal & Roggeveen (2022) argue, digital contracts in e-commerce platforms fail to adhere to basic consumer protection principles such as informed consent and clarity. The one-sided nature of these contracts, where businesses set the terms and consumers are left with no room for negotiation, raises concerns about fairness and justice. These contracts undermine consumer rights by forcing consumers to accept terms that they may not fully understand or may not agree with if given the opportunity to negotiate. The information asymmetry inherent in digital contracts reflects a power imbalance, with platforms controlling the terms and leaving consumers vulnerable to unfair practices.

Platform Monopolies and Lack of Fair Competition. The second major legal gap in Indonesia's consumer protection framework is the failure to address the growing influence of platform monopolies in the digital economy. Platforms such as Tokopedia, Shopee, and Go-Jek dominate the e-commerce and digital service industries, allowing them to control not only market access but also pricing models, product visibility, and consumer data. These platforms have the power to determine what products are featured on their sites, what prices are charged, and how much consumer data is collected, used, and monetized. Binns (2023) notes that the platform monopoly has resulted in unfair pricing, data exploitation, and lack of competition, as smaller sellers are often squeezed out of the market or forced to comply with the platform's terms, which often disadvantage them. In the case of price manipulation, Go-Jek and Grab have employed surge pricing mechanisms, where prices are dynamically adjusted during high-demand periods, such as holidays or poor weather conditions. While surge pricing is meant to balance supply and demand, it often results in exorbitant costs for consumers who have little control or awareness of how the pricing model works. This unpredictability can lead to feelings of being exploited, especially when the price hike is not clearly communicated or justified. Heeks (2022) emphasizes that such pricing practices can disproportionately affect low-income consumers, as they are more vulnerable to price increases during times of high demand. Moreover, platform monopolies reduce market competition by setting unilateral terms that leave consumers with limited choices. The lack of competition in the digital market has created an environment where dominant platforms can raise prices, restrict access, and exploit consumer behavior with little consequence. These monopolistic practices not only harm consumers but also undermine fair market dynamics. Nainggolan et al. (2025) suggest that digital platforms should be held accountable for their market dominance, and regulatory measures should be implemented to prevent anti-competitive behaviors.

Cross-Border Data Flow and Jurisdictional Challenges. A third critical gap in Indonesia's consumer protection laws is the lack of regulation for cross-border data flows and the jurisdictional challenges associated with global digital platforms. Many dominant digital platforms, such as Facebook, Amazon, and Alibaba, operate in Indonesia but are based outside the country, making it difficult for Indonesian regulators to enforce local consumer protection laws. Binns (2023) argues that cross-border transactions complicate data protection efforts, as global platforms are often not subject to Indonesian legal standards. These platforms can store and process consumer data outside of Indonesian jurisdiction, leaving consumers vulnerable to data misuse and privacy violations that may not be properly addressed by local laws. Furthermore, the lack of cross-border data regulation enables global platforms to bypass national regulations regarding data privacy and consumer consent. As Heeks (2022) highlights, data exploitation is rampant, with platforms collecting personal information from users in Indonesia, often without their explicit consent, and sharing this data with third parties. These platforms often use personal data for targeted advertising and price manipulation, but consumers are rarely informed about how their data is being used or sold to third parties. The absence of clear regulations regarding cross-border data flows leaves consumers without the necessary protections to control their data privacy. The jurisdictional issue complicates enforcement of consumer protection laws when issues arise. For example, if an Indonesian consumer experiences a data breach or is subject to unfair pricing by a platform based outside the country, they may have no recourse under local law. Binns (2023)

suggests that a more globalized approach to data protection is needed, where international standards for data privacy and consumer rights are established and adhered to by digital platforms operating globally.

B. Algorithmic Pricing and Data Privacy Concerns

As the digital economy continues to grow, algorithmic pricing and data privacy concerns have become central issues for consumer protection. Digital platforms, such as Go-Jek, Shopee, and Tokopedia, use sophisticated algorithms to determine pricing, personalize product recommendations, and collect vast amounts of consumer data. While these innovations may enhance user experience and business efficiency, they also raise critical issues regarding fairness, transparency, and consumer autonomy. This section explores the ethical concerns raised by dynamic pricing, the unpredictability of prices, and the exploitation of consumer data.

Dynamic Pricing and Unpredictability. Dynamic pricing refers to the practice of adjusting prices in real-time based on factors such as demand, consumer behavior, location, and market conditions. This is commonly seen in ride-hailing platforms like Go-Jek and Grab, which increase prices during peak demand periods, such as during rush hour, holidays, or in adverse weather conditions. While dynamic pricing allows platforms to balance supply and demand, it creates an environment where prices can fluctuate dramatically, leading to unpredictability for consumers. For example, during high-demand periods, surge pricing in ride-hailing services can increase fares by two or three times, leaving consumers with no clear understanding of how these price increases occur. Binns (2023) notes that this pricing model creates significant consumer dissatisfaction, as it is difficult for consumers to predict or prepare for price hikes. Furthermore, surge pricing often takes advantage of vulnerable consumers who may have no choice but to accept inflated prices due to urgency or a lack of alternative options.

The lack of price predictability undermines consumer autonomy, as individuals cannot make informed decisions about when to engage in digital transactions. The absence of algorithmic transparency further exacerbates the issue, as consumers are often unaware of the factors influencing pricing. This unpredictability in dynamic pricing leads to concerns about price discrimination, where some consumers may pay significantly more than others for the same product or service, based on personal data or purchasing history. Heeks (2022) emphasizes that price discrimination in the digital economy can result in economic inequalities, where some consumers are unfairly charged higher prices simply because their data suggests they are willing to pay more. Data Privacy Violations and Exploitation, Alongside dynamic pricing, data privacy remains one of the most pressing issues for consumers in the digital economy. Digital platforms routinely collect vast amounts of personal data, including location, browsing history, purchase behavior, and even social media activity. This data is often used to personalize ads, adjust pricing, and influence purchasing decisions. However, consumers often lack control over their personal data, and data privacy violations are common, particularly when platforms use this data without explicit consent or sufficient disclosure. Heeks (2022) argues that data exploitation is widespread in digital platforms, where companies collect, store, and use consumer data for financial gain. The data collected is often shared with third-party advertisers, who use it to target consumers with personalized ads or promotions. This lack of transparency in how consumer data is used makes it difficult for consumers to understand how their behavior is being tracked and monetized. Moreover, data privacy violations can result in significant personal harm, such as identity theft, unwanted surveillance, or unauthorized data sharing. Despite the existence of data protection laws, many global platforms operate in ways that circumvent local regulations, making it difficult for consumers to enforce their rights over how their data is used.

Nainggolan et al. (2025) point out that, while Indonesia's Personal Data Protection Law (2022) provides some level of protection, it remains inadequate when it comes to addressing the growing issue of cross-border data flows. Platforms like Google and Facebook collect data globally and store it in jurisdictions with weaker privacy laws, leaving consumers with little protection when their data is exploited. The lack of data sovereignty in Indonesia's laws creates a situation where foreign platforms are not held accountable under local regulations, allowing them to exploit consumer data without proper oversight. Moreover, the growing reliance on consumer data for dynamic pricing and personalized advertising raises concerns about unfair practices and price manipulation. For example, platforms may collect location data to increase prices during peak demand periods or target vulnerable consumers with high-priced offers based on their behavior. Hassan (2022) highlights that this kind of data exploitation undermines the autonomy of consumers and reinforces economic disparities. Consumers often do not have full control over their data or an easy way to opt-out of data collection, leaving them at the mercy of platform-driven pricing algorithms and targeted advertising that can further exploit their personal information.

The Need for Regulation on Data Privacy and Algorithmic Transparency, Given the significant concerns around dynamic pricing and data privacy, this study emphasizes the need for stronger regulation and legal reforms to protect digital consumers in Indonesia. Algorithmic pricing and the exploitation of personal data have created an environment where consumers are left vulnerable to unfair business practices. Binns (2023) advocates for algorithmic transparency, arguing that digital platforms must be required to disclose how pricing algorithms work and how consumer data influences pricing decisions. Regulations should mandate that platforms provide clear and accessible explanations of pricing models, ensuring that consumers are informed and not subjected to exploitative pricing practices. Data privacy laws also need to be strengthened to ensure that consumer data is protected and that consumers have control over how their personal information is used. Nainggolan et al. (2025) suggest that data sovereignty must be a core principle of digital consumer protection, ensuring that local laws regulate data usage and that cross-border data flows are subject to stronger protections. This would help protect consumer privacy and ensure that digital platforms are held accountable for how they collect, store, and use personal data.

Indonesia's Personal Data Protection Law (2022) is a step in the right direction, but it must be expanded to address the global nature of data collection and the practices of global platforms operating in Indonesia. The study recommends strengthening the law to ensure that consumer consent is explicit, informed, and revocable, and that data breaches are subject to strict penalties. Platforms should be required to implement clear data protection policies and provide users with control over their personal data, allowing them to opt-out or delete their data if they choose. As digital platforms continue to shape Indonesia's digital economy, it is essential for public policy to evolve and address the emerging challenges surrounding consumer protection, particularly with respect to data privacy, platform monopolies, and algorithmic pricing. The integration of human rights principles into consumer protection policies is crucial for ensuring that consumers are fairly treated in the digital marketplace. This section explores how public policy can be aligned with human rights frameworks to foster a transparent, accountable, and equitable digital marketplace, where consumer rights are safeguarded and platforms are held responsible for unfair business practices.

The integration of human rights principles into consumer protection laws ensures that fundamental consumer rights are respected in the digital marketplace. The Universal Declaration of Human Rights (UDHR) and the International Covenant on Economic, Social, and Cultural Rights (ICESCR) affirm the right to privacy, right to access information, and right to be protected from exploitation. These rights should guide the development of public policy and consumer protection laws, especially as the digital economy raises new issues such as pricing manipulation, data exploitation, and unfair contract terms. The right to privacy is particularly important in the context of digital platforms, where consumer data is often collected and monetized without explicit consent. Hassan (2022) emphasizes that data privacy is a fundamental human right, and any data collection should be done with informed consent. Moreover, the right to be informed is vital in addressing the issue of algorithmic transparency. Consumers should have access to clear information about how prices are set, how their personal data is used, and how platform algorithms influence the services they receive. By integrating these human rights principles, Indonesia's consumer protection laws can offer stronger protections in the digital marketplace, ensuring that consumers have agency and control over their interactions with digital platforms. The right to effective remedies is another crucial human right that must be included in consumer protection regulations. Consumers must be able to seek redress when harmed by unfair practices, whether it is in the form of pricing manipulation, data exploitation, or breach of contract. Heeks (2022) suggests that, without effective dispute resolution mechanisms, consumers are left with no recourse when faced with unfair practices, such as being overcharged or having their data misused. Public policy must therefore establish accessible mechanisms for consumers to file complaints and seek compensation for harm caused by digital platforms.

Public policy must play a leading role in regulating digital platforms to protect consumers and maintain fair competition in the marketplace. Platform monopolies have become increasingly common, with large digital platforms like Shopee, Tokopedia, and Go-Jek controlling not only market access but also pricing, consumer data, and product visibility. These platforms have the ability to set prices, determine which products are featured, and control what information consumers see. As Binns (2023) points out, these platform monopolies often engage in unfair business practices, such as price manipulation, hidden fees, and data exploitation. To address these concerns, public policy should focus on regulating platform monopolies and ensuring that digital platforms operate in ways that are fair and transparent. The Digital Markets Act (DMA) in the European Union offers a model for regulating digital monopolies by imposing strict requirements on large platforms to ensure fair competition and prevent anti-competitive behavior. In Indonesia, public policy can be strengthened by creating anti-monopoly regulations that prevent platforms from abusing their market power, ensuring that consumers are not subjected to unfair terms or price manipulation.

One of the key aspects of this regulatory framework should be ensuring algorithmic transparency. As Nainggolan et al. (2025) highlight, dynamic pricing algorithms and algorithmic decisions often operate without clear visibility or explanation, leaving consumers unaware of the factors influencing the prices they pay or the services they receive. Public policy should require digital platforms to disclose how pricing algorithms work, ensuring consumer transparency and accountability in digital transactions. Consumers must be informed about how their personal data influences pricing decisions and be given the option to opt out of data collection where possible.

Data privacy is a central issue in digital consumer protection, and public policy must ensure that data privacy regulations are robust and enforceable. Digital platforms routinely collect and use consumer data, ranging from location data to browsing behavior and purchasing habits. This data is often shared with third parties and used to influence pricing and product recommendations. Hassan (2022) argues that consumer data should be protected under a comprehensive regulatory framework, ensuring that platforms obtain informed consent from consumers before collecting or using their data. While Indonesia's Personal Data Protection Law (2022) offers some protections, it still faces challenges in regulating the cross-border transfer of data and the exploitation of consumer data by global platforms. Public policy must strengthen these regulations by ensuring that consumer data is protected within Indonesia and that global platforms are held accountable for how they collect and use personal data. Additionally, data protection laws should require platforms to provide clear disclosures about how consumer data is being used, stored, and shared, ensuring that consumers have control over their information. Furthermore, public policy should establish strict penalties for data breaches and unauthorized data sharing, ensuring that platforms are held accountable for failing to protect consumer data. Nainggolan et al. (2025) emphasize that data breaches can lead to significant harm, such as identity theft, unauthorized surveillance, and financial loss for consumers. Strengthening data privacy laws and penalizing violations will help build consumer trust in digital platforms and encourage platforms to adopt stronger data protection practices.

CONCLUSION

In conclusion, the rapid expansion of Indonesia's digital economy has highlighted several critical gaps in consumer protection laws. While Indonesia's current legal frameworks, such as Law No. 8 of 1999 on Consumer Protection and Law No. 7 of 2014 on Trade, were effective in addressing traditional market concerns, they fall short in regulating the unique challenges of the digital marketplace. The rise of platform monopolies, algorithmic pricing, and data exploitation has created an environment where consumers are increasingly vulnerable to unfair pricing, data misuse, and misleading contract terms. The study finds that algorithmic pricing models, such as dynamic pricing used by ride-hailing platforms like Go-Jek and Grab, leave consumers vulnerable to unpredictable pricing, where the cost of services can surge without clear rationale or prior warning. Furthermore, the lack of transparency in how pricing algorithms operate contributes to price discrimination and unfair treatment of consumers. Data privacy violations remain another significant issue, with platforms collecting vast amounts of consumer data and using it for targeted advertising, pricing manipulation, and personalized recommendations, often without explicit consent from consumers.

Moreover, the growing power of digital platforms such as Shopee and Tokopedia raises concerns about market monopolies. These platforms control access to the market, determine product visibility, and impose unilateral contract terms that consumers are forced to accept without negotiation. The jurisdictional challenges posed by cross-border transactions further complicate efforts to regulate data privacy and platform accountability, as many global platforms collect and store consumer data in countries with weaker data protection laws, leaving Indonesian consumers vulnerable to privacy violations. Given these challenges, it is clear that Indonesia must undertake significant legal reforms to protect consumer rights in the digital economy. Public policy should focus on increasing transparency in digital contracts, ensuring that algorithmic pricing is fair and predictable, and strengthening data protection laws to give consumers more control over their personal information. Additionally, platform monopolies must be addressed to ensure fair competition and protect small businesses from anti-competitive practices.

The study also highlights the need for human rights principles to be integrated into consumer protection laws, particularly the right to privacy, the right to be informed, and the right to effective remedies. Human rights frameworks provide a strong foundation for ensuring that consumer protection goes beyond legal contract enforcement, focusing on the ethical treatment of consumers and the protection of their fundamental rights in the digital marketplace. In summary, for Indonesia to create a fairer and more transparent digital economy, it must reform its consumer protection laws to align with global standards and human rights principles. This includes regulating algorithmic pricing, addressing data privacy violations, ensuring platform accountability, and protecting consumers from unfair practices in the growing digital marketplace. By doing so, Indonesia can create a digital economy where

consumer rights are respected, businesses operate fairly, and consumers are empowered to make informed and autonomous decisions in their digital transactions.

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