

# The Application of E-Market Systems in Conventional Transactions: A Legal Perspective in Indonesia

M. Khoidin, Ajeng Pramesthy Hardiani Kusuma, Iswi Hariyani

University of Jember, Indonesia

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## ABSTRACT

The implementation of the E-Market/EM (electronic market) system has changed the trading and transaction landscape significantly. In this context, this study aims to analyze the application of EM system in conventional transactions viewed from Indonesian legal perspective. To have accurate analysis, the research used a critical approach designed into a descriptive research. In this design the data were collected from both primary source (Indonesian Civil Code) and secondary ones (textbooks, journal articles, and others covering legal materials). The analysis was carried out by considering technical aspects, advantages and challenges associated with implementing the EM system in the context of conventional transactions. The findings of this research show that implementing an EM system can provide benefits such as efficiency, accessibility and transparency in the exchange of goods or services. However, the challenges faced include data security issues, the need for adequate regulation, and limited information technology infrastructure. Therefore, this research provides important insights for business people and governments in considering appropriate policies and strategies in implementing EM systems in conventional transactions in order to increase trade efficiency and effectiveness.

**Keywords:** Electronic market, Exchange, Conventional transaction

## INTRODUCTION

In the digital era like nowadays, the existence of technology in the form of Internet cannot be avoided in such economic activities as online buying and selling transaction. Web Money Mantra (2023), calls this transaction as E-Market (EM), a digital platform that connects buyers and sellers, facilitating transactions over the Internet. Consequently, Putra (2015) believes that technology globally plays a vital role in EM which is supported by the Internet networks.

Apart from saving time, EM makes it easier for the consumers to search for the products they want and they see various products from various EM places (Setiyawan, Kodong, and Kaswidjanti (2015). In Indonesia, through *Lazada Indonesia* web in the Figure 1 below, the Indonesian people using their laptops or hand-phones can access more easily and more quickly the items they need, just by clicking the categories of the items provided on the left side under the word *Lazada*, which covers *Peralatan Elektronik*, *Aksesoris Elektronik*, *Fashion & Aksesoris Wanita*, *Fashion & Aksesoris Pria*, *Fashion & Aksesoris Anak*, *Kesehatan & Kecantikan*, *Bayi & Mainan*, *TV & Elektronik Rumah*, *Keperluan Rumah & Gaya Hidup*, *Kebutuhan Rumah Tangga*, *Olahraga & Outdoor*, dan *Otomotif*

If they need a hand-phone, for example, they only drag the cursor to *Peralatan Elektronik* (electronic equipment) which includes *Hand-phone*, *Laptop*, *Desktop*, *Kamera* (camera), *Game*, *Console*, *Gadget*, *Tablet*, after that click *Hand-phone* and the web page becomes the display as seen in the Figure 2 below. In this display they can choose the brand, type and price of the cellphone they want by dragging the cursor up and down.

Although EM provides a positive view for the customers as discussed previously, in Indonesia it has

negative impact on the traditional market (traditional trader). Alam (2021), in his study concerning the development and impact of e-commerce on traditional market, reveals that some traders in traditional markets feel disadvantaged because customers who previously shopped at traditional markets now prefer e-commerce, so it results in decreasing customers and income in traditional markets.

Paying attention to the negative impact of EM on traditional market, EM finally becomes one form of the factors which can cause increasingly tight competition in conventional trade. Lack of interest in direct buying and selling activities threaten the income of trading people, especially elderly traders who are still unable to keep up with current developments using online sales systems.

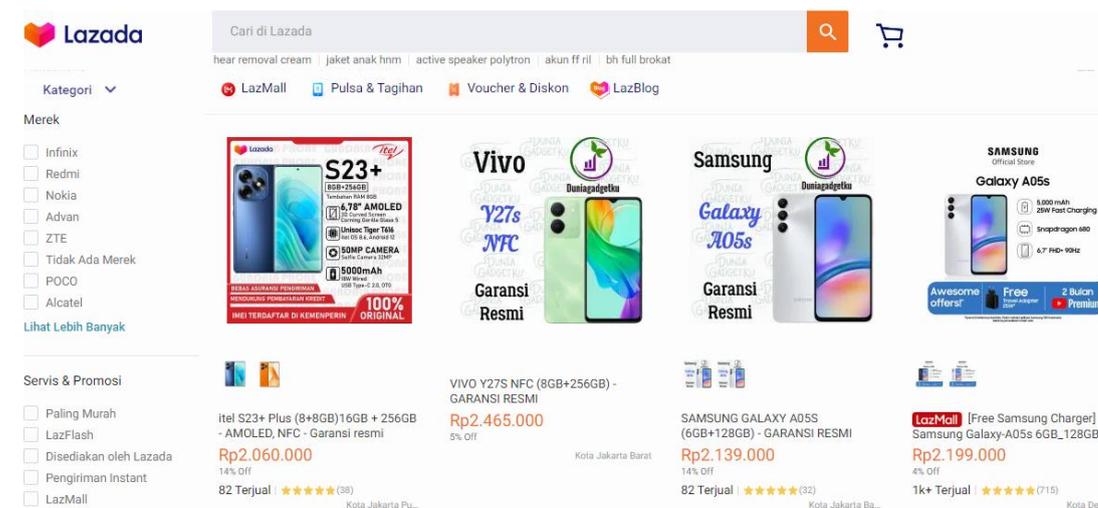
In addition, the government is expected to strive for industrial development that is driven by adequate human resources. This certainly plays a role in the Indonesian economic system development (Malawat, 2020).

Fig. 1. Lazada Indonesia web page



Source: <https://www.lazada.co.id>

Fig. 2. Hand-phones offered in Lazada Indonesia



Source: <https://www.lazada.co.id>

Prior to this article, researchers have studied several things related to the title of the article. Survey results from the Indonesian Internet Service Providers Association stated that around 275,773,901 people in Indonesia use the internet (Sadya, 2023). This results in the conclusion that the majority of Indonesian

people are active internet users and often experience dependence on internet use itself. We as researchers and active internet users often carry out buying and selling transactions via EM. As a result, EM available on the Internet has become an important necessity in buying and selling transactions nowadays.

In relation to EM, in this paper the authors examine that optimizing EM in the industrial world is also needed as a form of creating innovation or renewal in industrial technology itself. Innovation is needed as a new form or new idea for an activity which is expected to have a positive impact and improve the quality of the activity. Innovation also becomes a characteristic of an activity so that it is more easily recognized by the public. Furthermore, this research is related to the activities and role of conventional transaction exchanges in electronic marketing.

In connection with EM issues and conventional transactions in electronic marketing, Sahabudin (2017) stated that there is legal flow and protection in the implementation of conventional transaction exchange activities in EM. Apart from that, there are also preventive and resolving steps if there is a violation of consumer rights in the exchange of conventional transactions on the EM. These steps are necessary because of the importance of a legal umbrella in every activity carried out, especially in buying and selling transactions. Violations that often occur are default, cybercrime, or fraudulent transactions. Considering the increasing development of technology, it is increasingly possible for humans to do anything to get what they want.

## **RESEARCH METHOD**

In this research, the researchers use a critical approach designed into a descriptive one. As well this approach, they also apply a doctrinal legal research method, namely by analyzing primary legal materials (Indonesian Civil Code/ICC) which is regulated in Book III concerning Engagements accompanied by secondary legal materials, namely textbooks, journal articles, and research results that are suitable and appropriate to the issue or research topic raised.

Apart from that, this research uses a statutory approach and a comparative approach. The aim of carrying out the statutory approach method is to examine statutory regulations, namely ICC regulated in Book III. In a comparative approach, researchers look at comparing one legal institution from one legal system with legal institutions from other legal systems or in other countries (Cohen, 1996).

With the approach mentioned above, this research is focused on renewal and innovation used to evaluate the system and efforts to review the legal implications and protection of the parties involved to find deficiencies and then provide suggestions for improving them.

## **EXCHANGE CONCEPT AND EM SYSTEM DEVELOPMENT IN CONVENTIONAL TRANSACTIONS**

The definition of exchange based on Articles 1541, 1542 and 1543 of ICC is an agreement that binds the parties in the activity of giving each other goods, the goods in question are movable or immovable goods. However, the goods used as a medium of exchange are not other people's goods but our own. In this sense, we can freely do whatever we want with an item, if the item is ours. In other words, we have full rights to our belongings, not other people.

### **Concept of Exchange in Conventional Transactions**

Nowadays, exchange activities do not occur as frequently as in the past. Instead of carrying out exchange activities, nowadays people more often carry out buying and selling and rental transactions. In its

application, conventional transaction activities or exchange activities certainly have advantages and disadvantages. The disadvantage of this activity is that it requires space and time because transactions must be carried out directly and face to face. This is certainly less popular or less desirable for someone who has difficulty finding time just to exchange goods. Apart from space and time, we need to spend energy and money to travel to meet someone with whom we want to have a conventional transaction.

Consumer preferences can be interpreted as a determining factor for consumers in carrying out exchange or buying and selling transactions (Musa and Nifita, 2019). Consumer preferences in carrying out exchange or buying and selling transactions are to consider the price and quality of the products offered. The uniqueness of the product itself is also a factor in attracting consumers so that the desire to buy arises (Akbar, Amaliah, and Julia, 2020). Apart from the existing shortcomings, there are advantages and challenges in carrying out conventional transaction exchange activities.

When we carry out conventional exchange transaction activities, we can see the goods that will be used as objects of exchange. An item can be seen directly in detail and can be held or available in real form. If the exchange activity is not carried out directly, then the parties can only see the goods to be exchanged through communication media, which can be in the form of images or videos. This causes the parties not to know in detail what the actual goods are like, because what is in cyberspace does not necessarily correspond to reality.

The challenge in carrying out conventional transaction exchanges is ongoing technological developments. It cannot be denied, in this era we as humans often use technology in our daily activities. With the development of this technology, EM is created as a means and service for someone to carry out exchange activities online.

### **Development of EM System**

EM explanation is based on conventional markets, namely a means of bringing together business actors and buyers without time and space limitations. So that, every business actor can get consumers from anywhere. The variety of products that can be offered through EM makes it easier for consumers to find the products they want or need. EM is also a means of promotion or branding for business actors who have offline stores. The marketing strategy of using the Ambassador brand as a supporter in implementing promotions aims to display the attractiveness of the product itself. A special voucher system for customers is also an attraction for consumers. These vouchers can be in the form of discounts on product prices, shipping costs, or even promos to get other products for free. Of course, this is considered very beneficial for consumers (Akbar, Amaliah, and Julia, 2020).

As previously explained, EM makes it very easy for someone to carry out exchange activities. These activities can be carried out wherever and whenever consumers want to carry out these activities. Consumers can have a wider range of products they want and with EM it does not require business actors to have shops. Many small businesses run their business online because it does not require large costs in opening a shop, paying employees, paying for electricity, and so on. In line with these advantages of online business, ForwardAI (2021) states five of them such as cheaper start-up cost, low marketing cost, flexibility, international market, and easier faster financial transaction. Because of these advantages of EM, there are at least 13 online successful businesses in Indonesia (Alpha JWC Ventures, 2023). One of them is *Sayurbox*, Indonesia's fastest growing e-Grocery platform with full integration from farm to end consumer (LinkedIn, 2024) and it can be accessed easily and quickly from its web as seen in the Figure 3 below. Recently *Suryabox* has collaborated with CENTRIGO Farming System by launching a new product called PLANTO (Vritimes, 2024).

Fig. 3. Sayurbox web page



Source: <https://www.sayurbox.com>

As well these positive impacts, EM also has negative ones. Concerning the negative impacts of EM system on the business, Acoweb (2019) states them as the followings.

- Update hardware and software regularly
- Website maintenance at a periodic interval
- Additional costs and expertise for electronic commerce infrastructure
- The readiness of the site
- Training and maintenance Customer loyalty
- Outstanding logistics needs
- Security and credit card issues
- Fraudulent orders
- Sufficient internet services

Due to the above advantages, the business can become failed. Mitha (2021) stated that *Olapa* is one of some other online businesses which have failed in Indonesia. It was founded in 2015. After 4 years of operation it went bankrupt and since that time its website could not have been accessed up to now.

In order to avoid such disadvantages of EM for the consumer, the system should provide complete and clear information about the products or goods offered, so that the consumers can choose and evaluate them first.

When making online transactions, there is a possibility that the goods to be exchanged or traded are damaged, do not match the photos or videos attached, are fake, or even have product defects. The losses

experienced by consumers are the result of inappropriate transactions. As consumers, we can complain about goods that are not suitable for the market in question. This action is an effort to protect consumers by demanding their rights as consumers. Apart from the lack of consumer awareness of legal protection, business actors and even the government are also the main factors in increasing consumer complaints (Widyastuti and Prastitya, 2020).

## **OPTIMIZATION OF EM SYSTEM IMPLEMENTATION IN EXCHANGE**

### **Application of EM Sytatem in Certain Industries**

EM or what is known as an electronic market is a platform or place for buying and selling activities where these activities are carried out electronically. In this EM there are various kinds of products, even services that are sold and offered to buyers. The existence of EM in the world of commerce has many benefits that can be felt by both sellers and buyers. However, basically every advantage must also have disadvantages, where the implementation of EM requires several improvements with the aim of preventing undesirable things from happening to both sellers and buyers as has happened before. Therefore, before we learn more about EM, we need to know what features and mechanisms are contained in EM and we also need to discuss further about consumer protection and what the legal implications are in carrying out transactions using the EM system.

In EM there are many features that can be accessed and used by sellers and buyers in making transactions. The occurrence of exchange or buying and selling events carried out in the EM itself also has its own mechanism, so it is necessary to pay attention to the transaction mechanism by the buyer or seller before making a transaction. The first thing that must be done by buyers who want to

make transactions via EM is product selection, where the buyer must first look for the product or service that the buyer needs so that on the platform in the E-Market buyers can use the available features to get find what you want. Furthermore, if the buyer has found the product he wants, in the EM the buyer can check all the complete information regarding the product he wants to buy by reading the description or product information on the page to ensure the quality of the product he wants to buy. Apart from information about products, buyers can also access information from sellers before deciding to carry out transactions in buying and selling or exchange activities.

No less important than other mechanisms, the next thing that needs to be considered when making an exchange on the EM is transactions and payments. If the buyer and seller have agreed to enter into an agreement to exchange goods or it could also be said to be a buying and selling activity, then attention needs to be paid to carrying out transactions and payments. There are many ways that buyers can choose or based on agreement between both parties, the method used to carry out the transaction. Both parties can mutually agree on transactions and payments are made conventionally by meeting directly with the seller and buyer or they can use a more efficient method, namely carrying out transactions online by handing over the product via a delivery service and payment for the product is made online. or by making a transfer from the buyer's account to the seller's account. Buyers and sellers in determining this mechanism must really consider it carefully and agree to do it conventionally or online. The considerations taken must also be mutually beneficial for both parties and also avoid undesirable things such as fraud in transactions.

Apart from the exchange mechanism, we need to know that in exchange agreement activities there is also a subject, where the subjects are the seller and the buyer. In the world of trade, buyers are the priority. In Indonesian positive law, consumer protection is well regulated, where this is the right to choose that is owned by buyers or what are called consumers or sellers as business actors (Meylani and Ni'ami, 2021). In the current era of economic development and industrialization, the existence of these consumers has weakened so that it needs strengthening from the consumer side (Apriani, Atsar, and Rani, 2019). As an

effort to protect consumers in Indonesia, Law Number 8 of 1999 concerning Consumer Protection (Undang-Undang Perlindungan Konsumen) has been regulated in Indonesia. So with this consumer protection law, there are legal principles and rules that regulate and protect consumers in the relationships and problems faced by consumers with product providers or sellers.

In transactions, especially via EM, consumer protection is very important and must always be monitored. There are regulations governing consumer protection, where consumers can apply for legal protection in the form of:

1. 1945 Constitution Article 5 Paragraph (1), Article 21 Paragraph (1), Article 27, and Article 33;
2. Law Number 8 of 1999 concerning Consumer Protection;
3. Law Number 5 of 1999 concerning Prohibition of Monopolistic Practices and Unfair Business Competition;
4. Law Number 30 of 1999 concerning Arbitration and Alternative Dispute Resolution;
5. Government Regulation Number 58 of 2001 concerning Supervision and Implementation of Consumer Protection;
6. Circular Letter of the Director General of Domestic Trade Number 235/DJPDN/VII/2001 concerning Handling Consumer Complaints aimed at all Trade Prop/Regency/City services;
7. Circular Letter of the Director General of Domestic Trade Number 795/DJPDN/SE/12/2005 concerning Guidelines for Consumer Complaint Services.

In this regulation or legal basis, consumers no longer need to worry about the rights they will obtain so that if consumers want to buy an item, especially for transactions carried out electronically via EM or conventionally, their protection can still be maintained. Apart from that, in EM there is also a return feature for goods or products that can be accessed by consumers or buyers if the product they purchased does not match what the buyer wanted. It can also be said that the agreement made by both parties can be null and void by law. in accordance with the provisions of ICC, Article 1320 concerning the conditions for the validity of an agreement due to certain circumstances where the goods promised do not match the information obtained, and the seller is deemed to have lied to the buyer.

Apart from that, in EM buyers or consumers can provide comments, complaints and even testimonials about the products they buy so that they can help other potential buyers find out the quality of the products they buy. When carrying out exchange activities or what we usually call agreements, there are legal implications involved. Considering that engagements have their own regulations in ICC, especially in Book III, several relevant legal implications that occur in the EM system are:

1. In ICC there is Contract Law, in an agreement there is certainly an agreement between the two parties where the first party or the second party has agreed with the same goal to do something, for example an exchange. In EM, before a buyer has an account to search for a product and buy that product, there is a contract between the buyer and the EM platform.
2. Consumer Protection Law, as previously explained, in exchange transactions carried out by the parties there are consumer rights and these rules has already existed and cannot be avoided. Consumers as buyers of products or services have the right to be protected so that they do not feel disadvantaged, so that when carrying out transactions, both buyers and sellers do not experience losses, especially on the EM platform.
3. Privacy and data protection laws, in carrying out exchange transactions, especially in EM, there is also an indirect exchange of data belonging to buyers and sellers in it. To ensure consumers' personal information is protected and not misused, privacy and data protection laws are needed. That. Protection of data belonging to sellers or buyers is an obligation that must be protected and therefore the legal implications that arise are the existence of privacy and data protection laws.
4. The next implication that arises in using the EM system is the existence of Intellectual Property

Rights, where in exchange activities between sellers and buyers there are intellectual property rights that we know, namely copyright, trademark rights, or patents. . Therefore, when making an exchange, you need to pay more attention to intellectual property rights because a product that is sold indirectly contains intellectual property rights.

## CONCLUSION

Based on the discussion regarding the application of the EM system above, it can be concluded that the application of the EM system to conventional transactions has great potential to change the way we transact and provide significant benefits. EM brings convenience, efficiency and accessibility that expands markets and increases transaction efficiency. Through online platforms, business actors can reach potential buyers more quickly and widely, and consumers can easily search for and buy the products they need. Transactions carried out online also reduce geographical and time limitations. In this article, we have examined the positive influence of EM in facilitating exchange in conventional transactions, namely when viewed in terms of ease of access, where the EM system provides easy access for transaction actors to make and manage purchases online and sales transactions. Transaction actors can easily search for the products or services they need, make payments, and arrange delivery of goods via the available EM platform. Second, if viewed from the perspective of time and cost efficiency, using the EM system can reduce the time and costs required in conventional transactions. Transaction actors do not need to physically travel to the shop or point of sale, thereby saving time and transportation costs. Apart from that, the EM system can also reduce seller operational costs, such as shop rental costs or conventional promotions. Third, if we look at the wider market, with the EM system, the market becomes wider and is not limited to certain geographic areas. Transaction actors can sell their products or services to consumers in various regions or countries, thereby increasing sales potential and business growth.

Furthermore, in terms of transaction security, the EM System is equipped with security features that can protect the information and data of transaction actors. The use of electronic payment methods also provides a higher level of security than cash payments in conventional transactions and in the use of technology, the application of the EM system encourages the use of technology in conventional transactions. Transaction actors need to master the use of technology and EM platforms to run their business effectively. However, keep in mind that implementing an EM system also has its own challenges and risks, such as data security, online fraud, and the inability to see or feel the product directly before purchasing. Therefore, it is important for transaction actors to understand and overcome the risks associated with using the EM system. Overall, the application of the EM system to conventional transactions provides benefits in terms of ease of access, time and cost efficiency, market breadth, transaction security, and use of technology. With good understanding and careful management, implementing an EM system can be an effective alternative to carrying out conventional buying and selling transactions.

In addition to the conclusions above, it is also recommended that the Indonesian government and related parties need to continue efforts to expand technological infrastructure in all regions to increase accessibility and connectivity for all transaction actors, especially in areas where access is still limited and also increasing. data security and protection, and increasing digital literacy regarding the use of the EM system, as well as understanding how to use the EM platform effectively for conventional transaction actors.

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