A Comparative Study of Fair Online Buying and Selling Regulations: A Legal Comparison Between Indonesia, Malaysia, and Singapore

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Abstract

Introduction: The practice of buying and selling online is part of the development of digitalization and technology. Regulation of fair online buying and selling practices by the state is important to protect the rights of the parties.

Purpose of the Research: This research aims to analyze and compare online buying and selling arrangements implemented in Indonesia, Malaysia, and Singapore.

Method of Research: Normative legal research by prioritizing conceptual, statutory and conceptual approaches.

Results of Research: Regulation of online buying and selling in Indonesia is viewed from the aspect of distributive justice because the practice of equal playing field, namely equalizing business actors from abroad and from within the country, has not been accompanied by empowerment efforts and special treatment for small, micro and medium businesses in Indonesia, despite its commutative justice aspect, has accommodated various efforts to protect sellers and buyers in online buying and selling transactions. Comparison of the legal regulations for online buying and selling between Indonesia and Malaysia and Singapore. In general, Malaysia and Singapore have provided special arrangements and appropriate and fast procedures regarding means of complaints and the process for complaints in online buying and selling transactions is carried out comprehensively to ensure that everyone or parties involved in online buying and selling transactions have their complaints heard and followed up. Therefore, Indonesia needs to improve regulations related to online buying and selling transactions, especially regarding optimizing complaint services as implemented in Malaysia and Singapore, which follow up on complaint services within a certain period of time and are processed to provide legal certainty and protection for the parties involved in the transaction. online buying and selling transactions.

Keywords: Buying and Selling; Online; Legal Comparison.

INTRODUCTION

The increasingly massive development of technology in the 21st century, particularly gives rise to a new phenomenon called digitization.1 Digitization is part of technological development that fundamentally emphasizes the shift of human activities from the factual world towards the digital realm. The digital world is a realm where activities in the virtual or digital sphere become one of the orientations for humans in carrying out their activities.2 The virtual world has become a "new world," allowing human activities to extend beyond

the conventional experiences of daily life, encompassing various new activities in the digital realm.

The advancement of the digital world has also led to a shift in various activities that were traditionally carried out in the physical world, now being conducted through the utilization of the digital space. One notable practice is related to buying and selling, which, in its development, is carried out by leveraging the digital world, specifically through online transactions. Online buying and selling have become a new cultural phenomenon as it offers a more practical, effective, and efficient way of conducting transactions. In Indonesia, online buying and selling practices at the end of 2023 contributed to the widespread use of non-cash payments in the community, reaching 64% of payment practices during online transactions. In 2024, the increasing trend of online buying and selling has the potential to boost national digital economic growth by 4.66%, with a monetary value reaching 600 trillion Indonesian Rupiah.

The above data indicates that online buying and selling, especially in Indonesia, have the potential to stimulate various economic opportunities within the community. This includes the growth of various e-commerce initiatives by small, micro, and medium-sized enterprises. In addition to online transactions being conducted efficiently, in practice, they are also cost-effective due to the utilization of internet networks. The phenomenon of online buying and selling in Indonesia is essentially a global phenomenon that also occurs in other countries due to the development of digitalization worldwide as part of the implications of globalization. This research aims to analyze and compare the regulations of online buying and selling in Indonesia, Malaysia, and Singapore. The comparison of the legal practices of online buying and selling with Malaysia and Singapore is not only based on the fact that these two countries are "neighbors" to Indonesia but also because Malaysia and Singapore are part of the same region, leading to online buying and selling practices that are not significantly different from Indonesia.

Studies examining online buying and selling practices have been conducted by previous researchers, such as the study by Wijaya et al. (2023), which focused on the aspect of khiyar in online buying and selling. The novelty of Wijaya et al.'s (2023) research is that, in practice, the khiyar aspect in online buying and selling is rarely implemented in society due to various constraints. The next study was conducted by Rosmiawati et al. (2023), analyzing the normative aspects of the prohibition of TikTok shops. The novelty of Rosmiawati et al.'s (2023) research lies in the careful planning of regulations regarding the prohibition of TikTok shops, including the consideration of alternative solutions post the prohibition of TikTok shops. Further research was also conducted by Sinaga et al. (2024), specifically analyzing online transactions from the perspective of Islamic Law. The novelty of the

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research conducted by Sinaga et al. (2024) lies in its examination from the perspective of Islamic Law, emphasizing that online buying and selling must be done carefully to ensure that online transaction practices do not contradict Islamic Law.9

From the three aforementioned previous studies, research specifically aiming to analyze (i) online buying and selling regulations in Indonesia from the perspective of justice and (ii) a legal comparison of online buying and selling regulations with Malaysia and Singapore to achieve justice has not been comprehensively analyzed before. Therefore, this research is original.

METHODS OF THE RESEARCH

This research, which specifically discusses the comparative legal regulation of online buying and selling between Indonesia, Malaysia, and Singapore, is a normative legal study. The characteristics of normative legal research involve the use of legal principles, concepts, and theories to address a legal issue.10 The primary legal materials in this research are Government Regulation No. 80 of 2019 concerning Electronic Trading (PP No. 80 of 2019 Regarding PMSE) and various regulations addressing other aspects of electronic commerce. Additionally, the study focuses on regulations governing online buying and selling in Malaysia and Singapore. Secondary legal materials include research findings, books, and journal articles discussing online transactions. Non-legal materials consist of language dictionaries. The approach employed encompasses conceptual, legislative, and comparative methods.

RESULTS AND DISCUSSION

A. Online Buying and Selling Regulations in Indonesia: A Review from the Aspect of Justice

The development of buying and selling practices in society, in line with technological advancements, essentially encourages the existence of online buying and selling practices in the community.11 The increasingly massive development of technology is accompanied by the growing tendency of society to carry out activities effectively and efficiently. This is the basis for the emergence of online buying and selling practices in society. The practice of online buying and selling in society is what truly requires special regulation by the government.12 This is because the conventional buying and selling practices differ from online buying and selling practices, requiring specific regulations for online transactions.

There are three main differences between conventional and online buying and selling practices that necessitate special regulations. First, conventional buying and selling practices are conducted in person, involving a direct interaction between the seller and the buyer.13 In this context, the seller and buyer interact directly and conduct face-to-face

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transactions between the seller and buyer. Conventional buying and selling practices can better ensure the principles of good faith and trust as the primary basis in buying and selling practices.14 The principles of good faith and trust can be directly observed in their implementation when sellers and buyers meet face-to-face. This is certainly different from online transactions because in online buying and selling, the seller and buyer do not meet in person. Online transactions, in practice, only require virtual interaction or specific digital clauses without necessitating a direct meeting between the seller and the buyer.15 In the practice of online buying and selling, the principles of good faith and trust are crucial to ensure their application. This is because, quite often, online transactions can become a breeding ground for fraudulent practices, which are initiated by the lack of good faith from one party.16

Secondly, conventional buying and selling practices allow sellers and buyers the freedom to assess the quality of goods and engage in substantial and effective price negotiations. This is in contrast to online buying and selling practices where the quality of the intended purchase is only digitally known through photos or videos sent by the seller. Therefore, it is crucial to ensure the conformity of the quality of the goods depicted in the photos or videos sent by the seller with the actual quality of the goods. In online buying and selling practices, substantial and effective price negotiations may not necessarily be conducted optimally due to limited space and time for offers, unlike conventional buying and selling practices.17

The third difference is related to the conventional buying and selling practices compared to online buying and selling practices, which is the weak position of the buyer compared to the seller, requiring the buyer to have more optimal legal protection.18 The weakness of the buyer's position compared to the seller in conventional buying and selling practices can be seen from the lack of legal certainty for the buyer to assess the limited quality of goods through photos or videos provided by the seller. Additionally, there is a lack of legal accountability by the seller if there are defective or non-compliant goods as agreed upon in online purchases.19 The weakness of legal accountability by the seller in the event of defective or non-compliant goods is due to the seller's ability to argue that the damage or defect of a product agreed to be purchased is caused by negligence on the part of the shipping party.

From the three aspects mentioned above, specific regulation regarding online buying and selling is essentially needed to ensure a legal certainty and fairness relationship between sellers and buyers in online commerce practices. The regulation related to online buying and selling in Indonesia is specifically governed by Government Regulation No. 80 of 2019 concerning PMSE (Electronic Trading System Provider). This regulation, enacted on November 24, 2019, is essentially aimed at accommodating the increasingly massive online

buying and selling practices in Indonesia.\(^{20}\) The increasingly massive practice of online buying and selling in Indonesia needs to be formulated with specific regulations so that online transactions can ensure legal certainty while also guaranteeing fair legal relationships for both sellers and buyers.

Referring to the views of Satjipto Rahardjo, the formulation of online buying and selling regulations in Indonesia is essentially an effort by legal institutions to accommodate the development of society.\(^{21}\) The dynamic and complex development of society needs to be accommodated by law so that the existing societal progress does not become a means to harm any party.\(^{22}\) The regulation related to online buying and selling in Indonesia from Richard Susskind’s perspective is also a necessity, as the development of the digital world is an undeniable part of societal reality.\(^{23}\) The law is required to serve as a means of control as well as a tool for integration of various interests so that the development of society can result in harmonious and mutually beneficial relationships.

The importance of specific regulations in online buying and selling transactions can ensure legal certainty and justice for both sellers and buyers, as formulated in Presidential Regulation No. 80 of 2019 concerning PMSE. This can be seen through various terms in Presidential Regulation No. 80 of 2019 concerning PMSE, which introduces the term "e-commerce" for every online transaction. The regulation covers various aspects such as online buying and selling transactions involving parties from abroad, business licensing, the payment process for online transactions, and various legal remedies that sellers and buyers can pursue if they are harmed in online transactions.

The substance of the regulations, as formulated in Presidential Regulation No. 80 of 2019 concerning PMSE, aims to ensure a proportional transactional relationship between sellers and buyers in online buying and selling transactions. One crucial aspect of Presidential Regulation No. 80 of 2019 is the equal treatment and position between foreign business operators and Indonesian business operators. The equal treatment between foreign and Indonesian business operators is commonly referred to in business contexts as an "equal playing field." The true goal of an equal playing field is to ensure fair business competition, but, on the other hand, the equal playing field regulated in Presidential Regulation No. 80 of 2019 can weaken the position of Indonesian business operators.\(^{24}\) The implementation of an equal playing field without special treatment and empowerment for Indonesian businesses can actually become a means of weakening Indonesian businesses, as they have to compete directly with foreign businesses.

The substance of Regulation No. 80 of 2019 further emphasizes efforts to ensure optimal consumer trust and confidence, so that buyers are in a position to receive protection and legal certainty in online transactions. One form of legal policy from Regulation No. 80 of

2019 to facilitate online transactions is by simplifying the licensing process through accommodating the practice of Online Single Submission (OSS). By implementing the OSS licensing process, the licensing procedure can be carried out effectively, efficiently, and can save time and energy.

Regarding the substance of online buying and selling regulations stipulated in Presidential Regulation No. 80 of 2019, it can be seen that there is an orientation formulated in Presidential Regulation No. 80 of 2019 to achieve fairness in online transactions. In the legal context, justice is the main essence in law, and a legal provision that does not reflect the values of justice is considered not to be law. According to Gustav Radbruch's perspective, justice is one of the three fundamental values of law, with justice being placed in a special position, and it should be prioritized over certainty and utility. In general, in societal life, there are three concepts regarding justice: distributive justice, legal justice, and commutative justice.

Distributive justice is a type of justice that emphasizes the relationship between the state and its citizens. The main focus in distributive justice is the role of the state in providing services, including special treatment for certain groups in society. Justice in the legal context is a form of justice that emphasizes citizens' compliance with the provisions in the legislation. In the context of legal justice, citizens who seek justice are required to comply with and fulfill various provisions stipulated in the legal regulations. Commutative justice is a type of justice that individuals acquire through their interactions with fellow human beings. One primary example of commutative justice is the buying and selling process, where both the seller and the buyer should equally benefit or have their needs fulfilled through the buying and selling transaction.

In relation to the regulation of online buying and selling transactions in Government Regulation No. 80 of 2019, the aspects of justice that need attention are distributive justice and commutative justice. Distributive justice, in the context of Government Regulation No. 80 of 2019, concerns the state's efforts to ensure and enforce legal protection for citizens and distributive justice emphasizing the importance of justice in online transactions conducted by the parties involved. From the perspective of distributive justice, Government Regulation No. 80 of 2019 has not optimally accommodated distributive justice because it still enforces an equal playing field, equalizing foreign and domestic business actors. The regulation of the equal playing field in Government Regulation No. 80 of 2019 is not accompanied by efforts to empower and provide special treatment for small, micro, and medium-sized businesses in Indonesia, thus distributive justice aspects are not optimally fulfilled in Government Regulation No. 80 of 2019. Regarding commutative justice, Government Regulation No. 80 of 2019 has accommodated various efforts to protect sellers and buyers in online transactions, such as through licensing and law enforcement for parties that do not comply with the provisions in Government Regulation No. 80 of 2019.

B. Comparison of Legal Regulations for Online Buying and Selling Between Malaysia and Singapore

Efforts to regulate the increasingly widespread online buying and selling practices certainly need to examine and refer to practices in other countries. The effort to observe practices in other countries from a legal comparative perspective is essentially to see how the legal attitudes and policies applied by a country in facing a similar fact and phenomenon, namely the development of online buying and selling practices as a result of technological and digitization advancements. In this study, a comparison related to the regulation of online buying and selling practices is conducted by comparing the regulations in Malaysia and Singapore. The selection of Malaysia and Singapore as comparative subjects regarding the legal policy of regulating online buying and selling practices is based on the argument that the geographical proximity of Malaysia and Singapore to Indonesia implies that online buying and selling practices in these countries are not significantly different from those in Indonesia. Additionally, the comparison with Malaysia and Singapore is also motivated by the cultural similarities among Indonesia, Malaysia, and Singapore, which influence the substance of regulations on online buying and selling practices, particularly regarding the regulation of halal products, which is a primary focus in Indonesia, Malaysia, and Singapore.

The regulation of online buying and selling practices, or generally related to digital transactions in Malaysia, has been established earlier compared to Indonesia. The regulation on digital transactions in Malaysia has been in place since 2006 and is based on the Electronic Commerce ACT 658 of 2006. This is specifically emphasized in Article 6 of the Electronic Commerce ACT 658 of 2006, which affirms the validity of online transactions as long as they do not contradict applicable legal provisions. Regarding the conditions for the validity of online transactions, in Malaysia, it is regulated in Articles 8-16 of the Electronic Commerce ACT 658 of 2006, which states that the valid conditions for online transactions include:

- The necessity for written documentation, including signatures (including digital signatures), affixing seals to documents, the presence of a third party as a witness to online buying and selling transactions, the obligation to keep or safeguard original documents to anticipate potential claims from either party, providing copies of the documents to the involved parties, conducting online buying and selling transactions using document formats established by the country, and clarification regarding the delivery service of a product, including its insurance.

In contrast to the online buying and selling practices regulation in Malaysia, the regulation concerning online buying and selling practices in Singapore has been carried out by referring to the Computer Misuse Act (CMA) enacted in 1993. The Computer Misuse Act (CMA) enacted in 1993 was actually inspired by regulations in the United Kingdom with a similar focus on the potential for digital transactions utilizing computer technology. In further development, Singapore implemented legal policies for the optimization of e-

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30 Mutiara, Hasibuan, and Candanni, “Perlindungan Data Dalam Layanan Perbankan Berbasis Teknologi (Fintech): Kerangka Regulasi Di Indonesia Dan Singapura.”
commerce through the Electronic Commerce Master Plan of 1998, outlining the future orientation of e-commerce optimization. The subsequent legal policy was formulated in 1999 when Singapore established the Consumer Association of Singapore (CASE), Consumer Net Singapore, and Retail Promotion Retail. In its implementation, Singapore also adopted a certification policy through Casetrust for all online business transactions. This certification is to ensure that parties involved in online buying and selling are serious business entities in carrying out the buying and selling process, including adhering to various ethical codes applicable in digital transactions in Singapore.

Regarding the certification requirements for e-commerce businesses, they must fulfill several aspects, such as: Clarity and completeness of information regarding the sold goods, commitment to safeguarding consumer's personal data, secure and agreed-upon payment systems, certainty regarding the delivery time and receipt of the goods, clear disclosure of implications of cancellations and withdrawals, and the obligation to provide a means of complaint in online buying and selling transactions. Referring to the regulations on online buying and selling practices between Malaysia and Singapore mentioned above, it can be concluded that Indonesia still lacks comprehensive regulations regarding online buying and selling practices. This is especially related to the regulations on specific formats for online buying and selling transaction documents, as emphasized in Malaysia and Singapore, which are not present in Indonesia. One aspect that is also not optimally addressed in Indonesia is the provision of a complaint mechanism and the process for handling complaints in online buying and selling transactions.

In Malaysia and Singapore, regulations regarding complaint mechanisms and processes for handling complaints in online buying and selling transactions are comprehensive to ensure that every individual or party involved in online buying and selling transactions has their complaints heard and addressed. Referring to the practices in Malaysia and Singapore mentioned above, Indonesia needs to improve regulations related to online buying and selling transactions, especially regarding the specific regulation of document formats as evidence of online buying and selling transactions to guarantee certainty and legal protection for the parties involved in online transactions. This includes the optimization of complaint services, similar to those implemented in Malaysia and Singapore, where complaint services are addressed within a specified timeframe and processed to provide assurance and legal protection for the parties involved in online buying and selling transactions.

CONCLUSION

The regulation of online buying and selling in Indonesia, viewed from the aspect of distributive justice, is not optimally accommodating distributive justice in Regulation No. 80 of 2019. This is because Regulation No. 80 of 2019 still enforces an equal playing field, which equalizes the treatment between foreign and domestic business actors. The equal playing field regulation in Regulation No. 80 of 2019 lacks empowerment efforts and special treatment for small, micro, and medium-sized enterprises in Indonesia. Consequently, distributive justice is not optimally fulfilled in Regulation No. 80 of 2019. In terms of commutative justice, Regulation No. 80 of 2019 has accommodated various efforts to protect...
sellers and buyers in online transactions through licensing and law enforcement against parties that do not comply with the provisions of Regulation No. 80 of 2019. The comparison of the legal regulations for online buying and selling between Indonesia, Malaysia, and Singapore generally reveals that Malaysia and Singapore have provided specific regulations and efficient procedures regarding complaint mechanisms and processes related to online buying and selling transactions. These regulations are implemented comprehensively to ensure that every individual or party involved in online transactions has their complaints heard and addressed promptly. Therefore, Indonesia needs to improve its regulations concerning online buying and selling transactions, especially in terms of specifying the format of documents as evidence for online transactions. This is essential to guarantee legal certainty and protection for all parties involved in online buying and selling transactions. Additionally, there is a need for the optimization of complaint services, similar to those implemented in Malaysia and Singapore. In these countries, complaint services are followed up within a specific timeframe and processed to provide assurance of legal certainty and protection for the parties involved in online buying and selling transactions.

REFERENCES

Journal Article


Book


Thesis, Online/World Wide Web and Others


Conflict of Interest Statement: The author(s) declares that research was conducted in the absence of any commercial or financial relationship that could be construed as a potential conflict of interest.

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