



# CONSUMER PROTECTION IN DIGITAL ERA

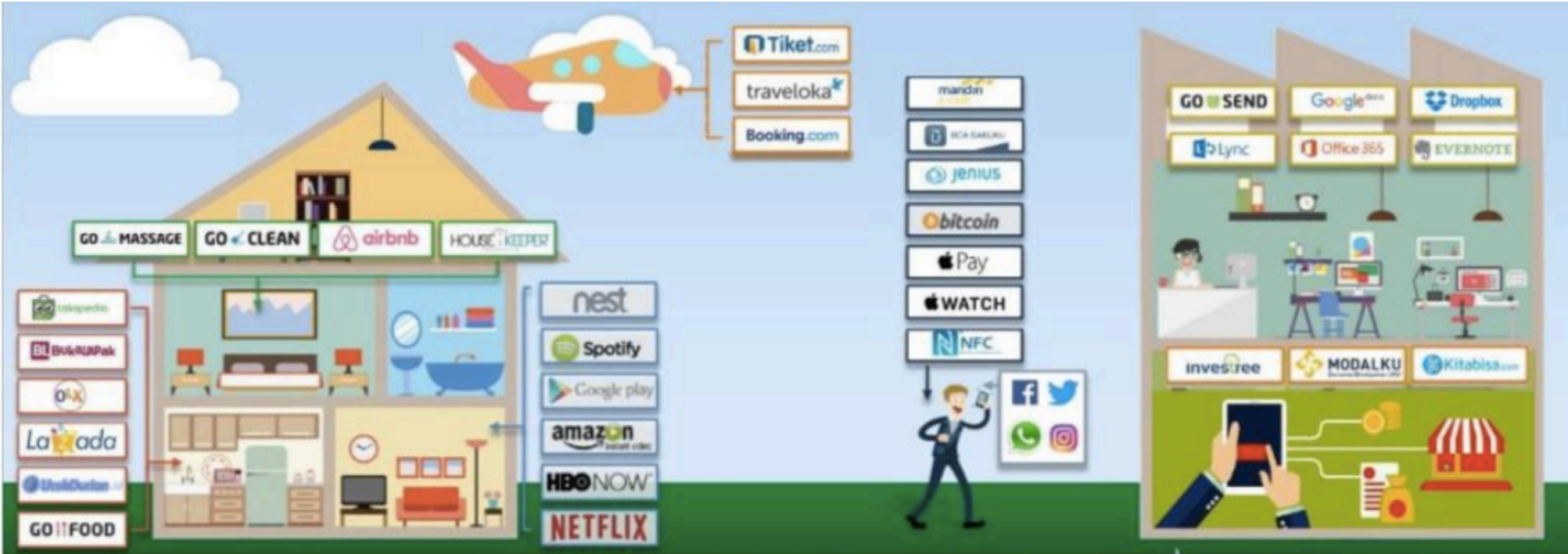
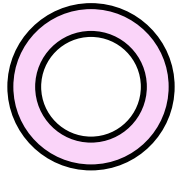
AGNES – IDEA

2020

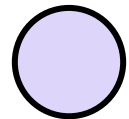
# DIGITAL ECONOMY IS HOT!

THE INDONESIAN INTERNET ECONOMY WAS  
SIZED AT AN ESTIMATED **USD 40 BILLION** IN  
2019 AND IS EXPECTED TO REACH **USD 130  
BILLION BY 2025**





Sumber : Bank Indonesia – Digi





# Digital Economy

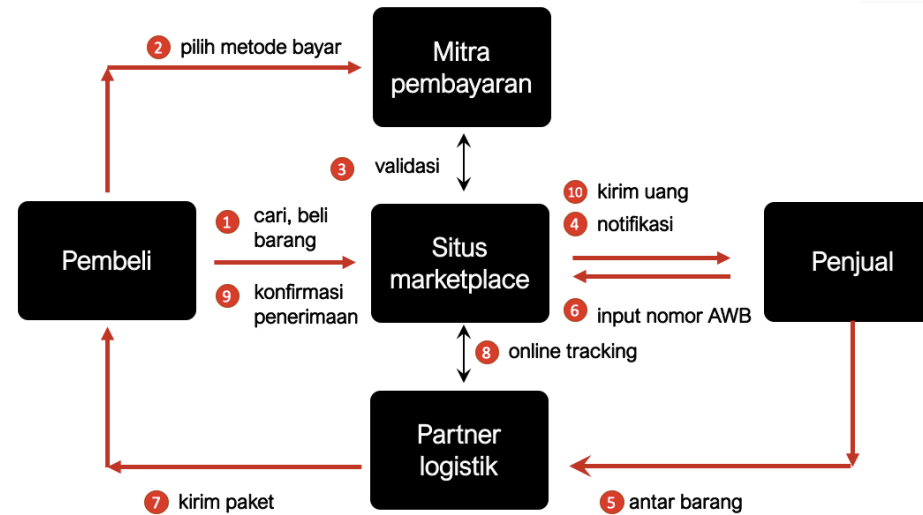
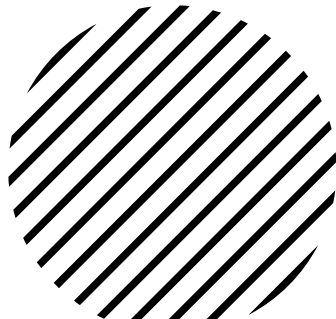
- Various sectors, i.e. retail; transport and logistics; financial services; manufacturing; agriculture; education; healthcare; and broadcasting and media services (OECD, 2014)
- Two dominant sectors are **retailing e-commerce** and **online financial services**. These two sectors are expected to supply more than 16.2 million jobs in 2020 (McKinsey, 2018; PwC, 2019)
- 84.21% E-commerce businesses are dominated by **micro enterprises** with one to four employees (Statistics Indonesia, 2019).



# Business Models of Digital Economy

(Peraturan Pemerintah nomor 80 tahun 2019 tentang Perdagangan Melalui Sistem Elektronik)

- Retail online
- Marketplace
- Online classified ads
- Price comparison platforms
- Daily deals





*The COVID-19 crisis has upended the global consumer landscape. Confinement measures have moved consumers further online*

Organisation for Economic Co-operation and Development (OECD), April 2020





# COVID19 Impact on Indonesian Attitudes & Behaviours: Learning for Brands – Kantar Indonesia, April 2020

## Behavioral & Attitudinal Changes – Tracking the Trend

More Indonesians are “in-home” than those at the start of the outbreak

Staying at Home Impact



Online adoption on an upward swing

Changing Online Behaviors



Personal Finance has been a concern from the onset of the outbreak

Nutrition



Financial Concerns

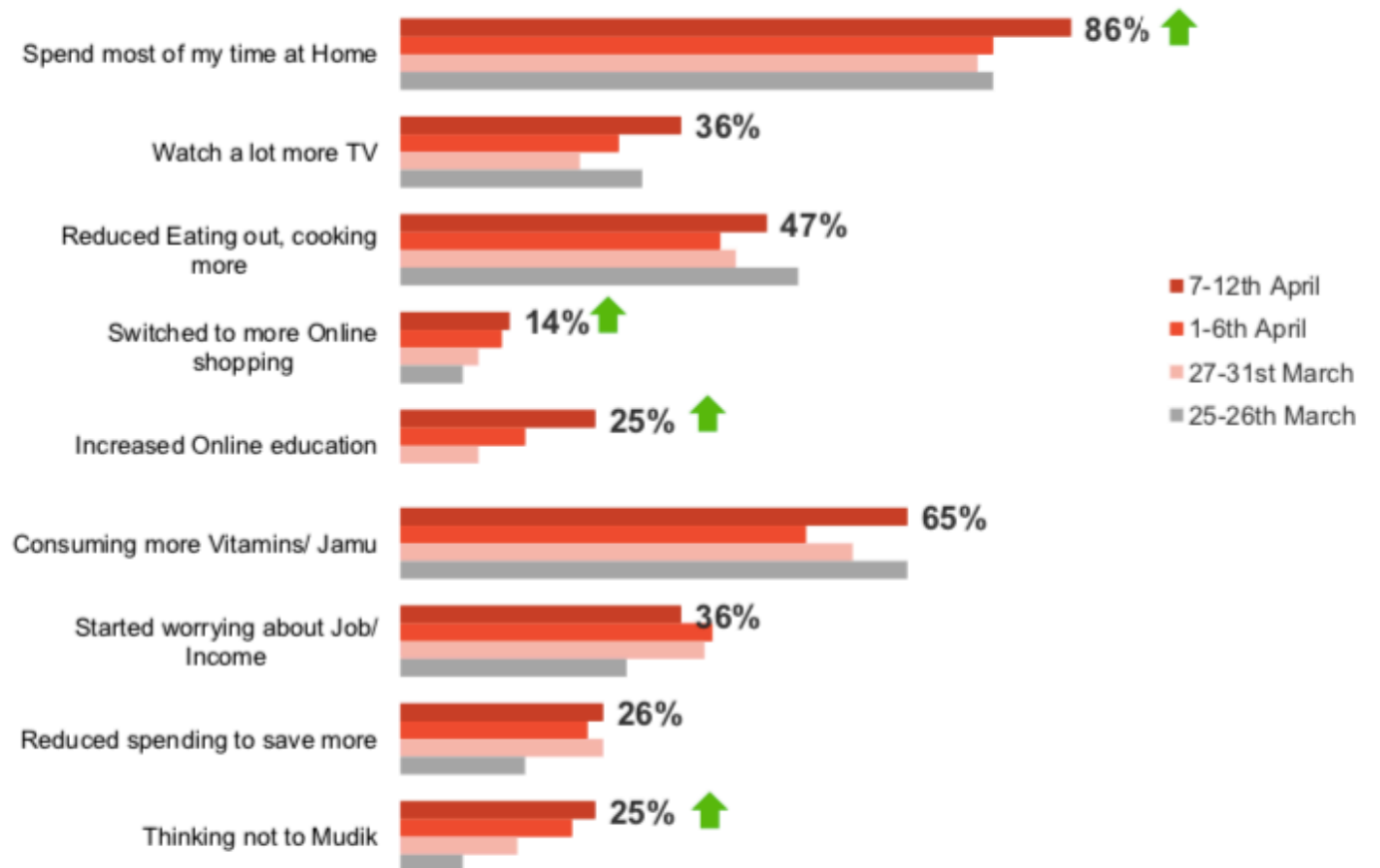


Rising trend in people re-considering Mudik

Festive Changes

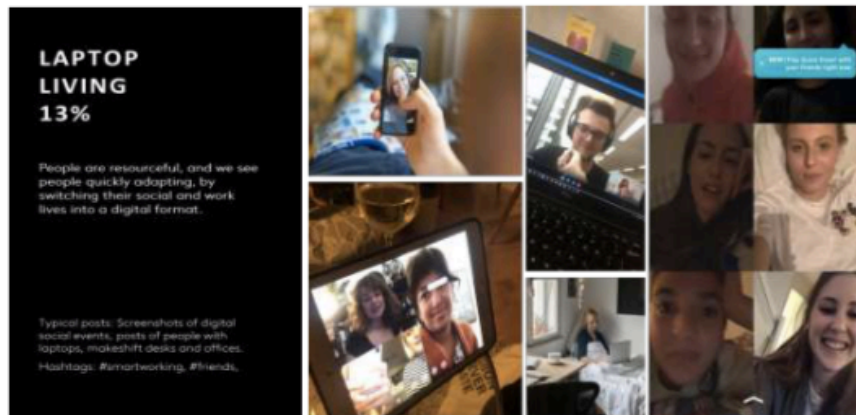


% who have changed following behaviors because of COVID





## Laptop Living – AI image analytics using Instagram posts



In Indonesia lifestyle changes like Zoom Arisan sessions, Virtual Nongkrong, Virtual aerobic sessions / classrooms are observed

WHAT ARE  
WE DOING  
AS  
INDONESIAN  
CONSUMERS?

## Online Shopping – New buyers of...



New opportunities would take birth, a surge in digital commerce

## Coronavirus impact on shopping habits







A survey conducted by management consulting company Redseer:

“Around 30 percent of the survey respondents said they were new to online marketplaces, 40 percent of whom said they would keep using e-commerce after the outbreak was over.” – Redseer Southeast Asia partner Roshan Raj Behera (*The Jakarta Post: COVID-19 helps create new normal in online shopping: Survey, May 2020*)





*“...increasing reports of unfair, misleading and fraudulent commercial practices online,...include financial scams, false claims of coronavirus treatment or prevention, price gouging of essential goods and the promotion of unsafe or counterfeit products.”*

Organisation for Economic Co-operation and Development (OECD), April 2020



# ○ Various Consumer Protection Regulation

- Undang-Undang Nomor 7 Tahun 2014 tentang Perdagangan
- Undang-Undang Nomor 8 Tahun 1999 tentang Perlindungan Konsumer
- Undang-Undang Nomor 11 Tahun 2008 tentang Informasi dan Transaksi Elektronik
- Peraturan Pemerintah Nomor 71 Tahun 2019 tentang Penyelenggaraan Sistem dan Transaksi Elektronik
- Peraturan Pemerintah Nomor 80 Tahun 2019 tentang Perdagangan melalui Sistem Elektronik
- Peraturan Menteri Perdagangan Nomor 50 Tahun 2020 tentang Ketentuan Perizinan Usaha, Periklana, Pembinaan dan Pengawasan Pelaku Usaha Dalam Perdagangan Melalui Sistem Elektronik
- Surat Edaran Menteri Kominfo Nomor 5 Tahun 2016 Tentang Batasan Dan Tanggung Jawab Penyedia Platform Dan Merchant Electronic Commerce (*Safeharbour*)
- Dan peraturan-peraturan lainnya.



# Challenges in Indonesia: Low Consumer Literacy

- “Consumers may utilize financial products without fully understanding its terms and conditions, for example the interest rate in e-lending.” – CIPS Policy Paper no.27
- The Indonesian Consumer Empowerment Index (*Indeks Keberdayaan Konsumen* or IKK) scores at 40.41.
- “Indonesian consumers know some of their rights and obligations but have not applied this understanding to their consumption choices or for their consumer rights.” – CIPS Policy Paper no.27







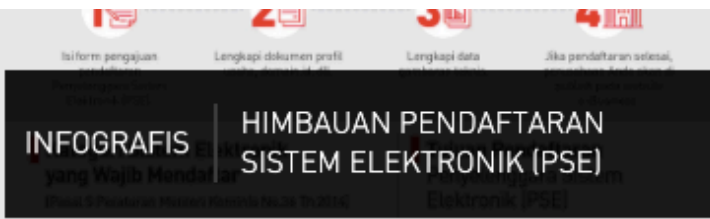
*“Most operators and sellers understand that consumer satisfaction will keep them in business. Self-regulation in the private sector makes an important contribution to protecting consumers’ rights, working in the same direction as existing regulations.”*  
- (Barkatullah & Djumadi, 2018)



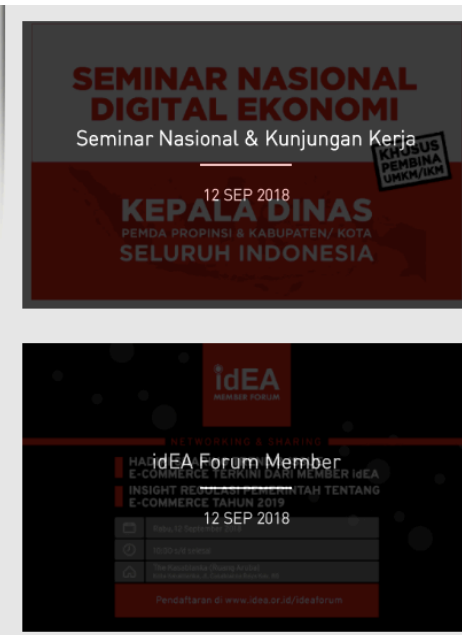
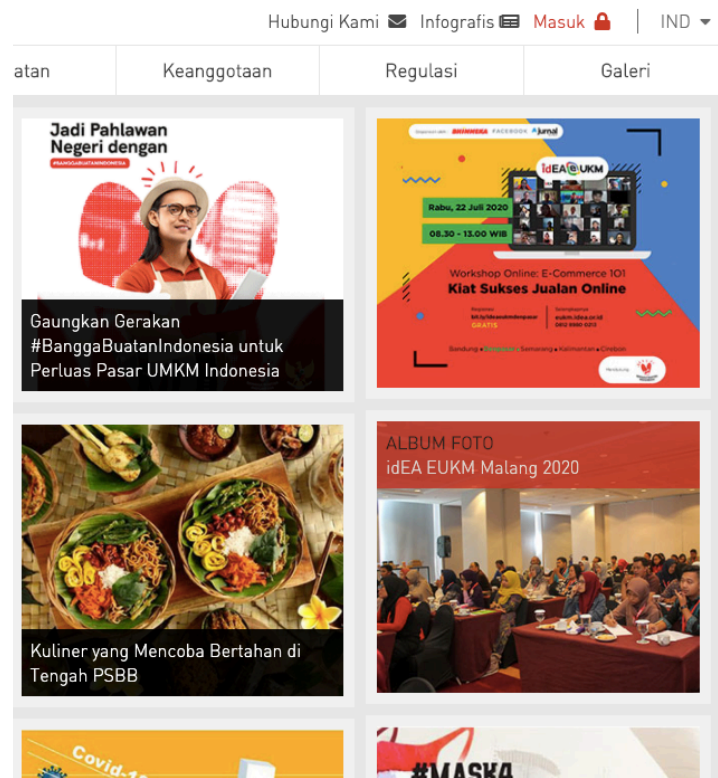
# ○ idEA as Government Partner for Consumer Protection

1. Distributing current regulations for Consumer Protection, including updated list of banned products from Ministry of Trade or BPOM (including all COVID-19-related scam-suspected products).
2. Ensuring all idEA members to provide complaints mechanisms and **complaints management procedures** (based on Ministry of Communication and Informatics Circular Letter No. 5/2016 on the Limitations and Responsibilities of Platform Providers and Merchants in E-Commerce Using User-Generated Content Platforms)
3. Issuing takedown notices on illegal content and advertisement in e-commerce.
4. Providing online education materials for micro enterprises on good business practice including on good governance on trading, production, distribution, legal/illegal products and consumer protection principle.
5. Distributing online education materials for digital consumers to increase their literacy.
6. Distributing online education materials related to COVID-19 pandemic to both sellers and consumers to raise health awareness and of possible online frauds/crime.





# idEA Activities





*“While an economic slowdown seems unavoidable, ...Indonesia's digital economy, the largest in Asia, is valued at US\$40 billion. By 2025, the number could reach \$133 billion, a leap from just \$8 billion five years ago. Maintaining this growth trajectory will be crucial to help enable a rapid economic rebound when the pandemic threat is over... Underpinning this growth are Indonesians micro, small and medium enterprises (MSMEs). These enterprises are crucial to the economy, and they also comprise virtually all online sellers.”*

Jeff Paine, The Jakarta Post: In challenging times, digital economy and e-commerce can chart a path toward recovery, April 2020.







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