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THE ROLE OF BUSINESS LAW IN IMPROVING CONSUMER PROTECTION IN THE DIGITAL AGE

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Abstract

The development of digital technology has brought significant impacts in the business world, including in terms of interactions between businesses and consumers. The digital era has opened up new opportunities for businesses to sell products and services online, but it has also created new challenges in terms of consumer protection. Consumers often face risks such as fraud, privacy violations, or dissatisfaction with the products or services they purchase online. Therefore, it is important to examine the role of business law in enhancing consumer protection in the digital era. The purpose of this study is to identify and analyze the role of business law in improving consumer protection in the digital era. This research uses a normative research method, while the data collection technique is carried out by literature study which involves searching and analyzing legal documents related to consumer protection in the digital era. The results show that the role of business law in improving consumer protection in the digital era includes establishing and enforcing regulations that protect consumers, regulating the privacy and security of consumer data, ensuring transparency and clear information for consumers, establishing the responsibility of producers and sellers for the quality, safety, and reliability of products and services offered, providing effective dispute resolution mechanisms for consumers, and increasing consumer education and awareness, providing information about consumer rights, the risks of online transactions, and how to deal with problems in the digital environment.

Keywords: Law, Business, Protection, Consumer

INTRODUCTION

The development of digital technology has changed the way businesses operate and interact with consumers. The digital era provides new opportunities for business people to sell products and services online, with ease of access and wide reach (Yoyo et al, 2020). However, these advances also present new challenges and risks when it comes to consumer protection.

Consumers often face potentially adverse risks when making purchases or using services online. One of the main risks faced is fraud. Irresponsible actors can take advantage of online platforms to sell fake products or offer misleading offers (Puspitsari, 2018). Unwary consumers can fall victim to these scams and suffer financial losses. In addition to fraud, privacy violations are also a serious risk for consumers (Nafi'ah, 2020). When conducting online transactions, consumers are often asked to provide personal information such as identity, address, phone number, or financial data. If this data falls into the wrong hands, consumers could face the risk of identity theft, misuse of personal information, or other cyberattacks. Invasion of privacy can have a serious impact on consumers' personal and financial lives (Priscyllia, 2019).

Dissatisfaction with products or services purchased online is also a significant risk. Consumers do not have the opportunity to see, touch, or try the product directly before buying it. This can lead to a mismatch between consumer expectations and the product received. In addition, poor product or service quality, delivery problems, or unresponsive customer service can also cause consumer dissatisfaction (Mulyana, 2021).

All these risks demonstrate the importance of consumer protection in the digital age. Consumers need to be careful when transacting online, checking the legitimacy of sellers or platforms, and reading reviews and testimonials from other consumers before buying products or using services. In addition, strict regulations and strong consumer protection policies from the government and relevant institutions are also needed to ensure that consumers are protected from risks that may arise in online transactions.

In this regard, the role of business law becomes important in providing a clear framework and legal protection for consumers. Business law must regulate fair, transparent, and honest business practices, and provide strict sanctions against business people who violate consumer rights. In addition, consumer education and awareness efforts are also important so that they can recognize risks and take the necessary steps to protect themselves when interacting in the digital business world. Therefore, it is important to research the role of business law in improving consumer protection in the digital age. Based on the background description of the problem, researchers are interested in conducting research entitled "The Role of Business Law in Improving Consumer Protection in the Digital Era".

RESEARCH METHODS

This research uses normative research methods, which focus on the analysis and interpretation of legal documents related to consumer protection in the digital age. This normative approach aims to understand and analyze the existing legal framework and apply relevant legal principles in the context of consumer protection in the digital era (Purwati, 2020).

Data collection techniques in this study were carried out through literature studies. The search and analysis of legal documents related to consumer protection in the digital age is carried out systematically. The documents include laws, regulations, court decisions, and related publications relating to consumer rights and protection in the digital environment.

In the data analysis process, these legal documents are carefully analyzed to identify legal provisions related to consumer protection in the digital era, the principles applied, the responsibilities of business actors, and the dispute resolution mechanisms available. The collected data is then analyzed and compiled to provide a deep understanding of the role of business law in improving consumer protection in the digital age.

DISCUSSION

In the ever-evolving digital age, we are witnessing the emergence of online platforms and the rapid growth of e-commerce that has significantly changed consumer consumption patterns. Online platforms provide a virtual platform for businesses and consumers to interact and make transactions via the internet. Through this platform, consumers have wider access to a wider range of products and services from different brands and sellers around the world. They can easily search for information, compare prices, read reviews, and make purchases without

geographical restrictions. This convenience has changed the way consumers shop, with many of them turning to e-commerce to meet their needs.

E-commerce allows consumers to shop online in a more convenient and flexible way. They can choose from a wide range of products, find lucrative deals, and make payments with ease. In addition, consumer consumption patterns have also changed due to the adoption of digital lifestyles. They are more likely to subscribe to streaming services, make digital purchases, and engage in online communities (Irmawati, 2011). This phenomenon provides opportunities and challenges for business people. They must adapt to these changes and optimize their presence online. Companies must provide an engaging, safe, and responsive shopping experience to win consumer trust. In addition, consumer protection and personal data security are also important concerns in this digital era.

Business law has a very important role in the formation and enforcement of regulations aimed at protecting consumers (Tjandra, 2020). To achieve effective protection, it is necessary to have clear and comprehensive laws and regulations governing harmful business practices, online fraud, and misuse of personal data. Clear laws and regulations help ensure that businesses understand the permissibles and don'ts of interacting with consumers. This regulation covers various aspects, such as consumer rights, fair trade practices, information transparency, data privacy, transaction security, and so on. With clear rules, consumers can have legal certainty and can protect themselves from harmful business practices.

Regulation also serves as an enforcement tool against business practices that violate the rules. The law provides a legal basis for law enforcement agencies to investigate, crack down, and punish businesses that engage in online fraud, harmful business practices, or misuse of consumers' personal data. The sanctions and penalties given as a result of such violations also serve as a deterrent effect and provide a signal that business practices that violate the rules will not be tolerated (Lubis et al, 2020).

In addition, comprehensive laws and regulations can also encourage the adoption of responsible and consumer protection-oriented business practices (Kristiyanti, 2022). Regulations that strengthen data privacy, for example, can encourage businesses to develop strict privacy policies and implement adequate security measures. Similarly, rules governing information transparency and consumer rights can encourage businesses to provide quality services and provide certainty to consumers.

To achieve better consumer protection in the digital era, it is important for the government, regulatory agencies, and businesses to work together in the formation and enforcement of regulations that protect consumers (Rahmayani, 2018). Active involvement of all parties in the process of policy and regulation formation can ensure that the rules implemented take into account the needs and challenges that exist in the digital context. In order to deal with rapid changes in the digital era, it is important for laws and regulations to remain relevant and adaptable to technological developments and business trends (Hendrawan, 2019). Therefore, constant updating and evaluation of existing regulations is also an important part of ensuring effective consumer protection in the digital age.

Business law has an important role in regulating the privacy and security of consumer data (Benuf et al, 2019). The collection, use, and disclosure of consumers' personal information must be strictly regulated to prevent misuse and leakage of data. Laws and regulations relating to data privacy provide a clear framework for how consumers' personal

data should be collected, used, and disclosed by businesses. This regulation requires businesses to obtain clear consent and transparent information from consumers before collecting their personal data. In addition, businesses are also required to ensure adequate security of the personal data consumers store, including adopting appropriate technological security measures.

In addition to regulations, supervisory institutions also have an important role in overseeing business people's compliance with data privacy and security provisions (Fidhayanti, 2020). Supervisory agencies monitor business practices and may impose sanctions or penalties on businesses that violate data privacy and security rules. It aims to encourage businesses to be responsible in managing and protecting consumers' personal data. In addition, in the context of protecting the privacy and security of consumer data, it is important for businesses to adopt best practices in data management (Rashin & Ghina, 2019). They must implement policies and procedures that ensure data security, such as data encryption, the use of strong passwords, data access monitoring, and protection from cyberattacks.

Business law also has an important role in ensuring transparency and clear information for consumers (Janah, 2020). One important aspect of consumer protection is to give consumers access to accurate and easy-to-understand information about products, prices, terms and conditions, and consumer rights. Companies are required to provide accurate and clear information to consumers. This information includes complete and factual product descriptions, including specifications, ingredients, features, and product uses. In addition, pricing information should also be clear, including information about discounts, taxes, shipping costs, and other additional costs that may arise.

The Company must also provide information about the terms and conditions, such as return policy, warranty, privacy policy, and data security policy. This information should be presented clearly and easily understood, so that consumers can make informed decisions based on the information they receive. In addition, consumers also have certain rights that must be informed by the company. For example, the right to obtain goods or services that correspond to the promised quality, the right to obtain protection against harmful products, the right to obtain adequate customer service, and the right to obtain compensation in case of dissatisfaction or loss.

Business law has an important role in establishing the responsibility of producers and sellers for the quality, safety, and reliability of the products and services they offer to consumers (Atmadjati, 2018). This principle is known as the "product liability" principle (Polinsky & Shavell, 2010). According to business law, manufacturers and sellers are responsible for ensuring that the products or services they offer to consumers meet expected quality standards, are safe to use, and are reliable (Suteja, 2007). In the event of loss or injury due to product defects or negligence in service delivery, manufacturers and sellers may be legally sued and required to provide appropriate compensation to affected consumers.

The responsibility of manufacturers and sellers to product quality includes ensuring that the product is free from material defects or design defects that may result in harm or loss to consumers. They must also provide honest and accurate information about the product, including instructions for use, safety warnings, and risks associated with using the product. In addition, manufacturers and sellers also have an obligation to maintain product safety, both in the production and delivery processes (Ariyanto et al, 2021). They must implement

appropriate preventive measures to minimize the risk of accidents or injuries caused by the products they sell.

Business law also has an important role to play in providing consumers with an effective dispute resolution mechanism. The goal is to ensure that consumers have access to mechanisms that can provide fairness and comfort in resolving disputes with companies. One important approach is the development of alternative dispute resolution institutions, such as mediation or arbitration. Mediation involves a neutral third party that helps in reaching an agreement between the consumer and the company through dialogue and negotiation. Arbitration, on the other hand, involves a third party deciding a dispute based on evidence presented by both parties. The advantage of this approach is a faster, more affordable, and more flexible process compared to traditional courts (Riza & Abduh, 2018). In addition, with the advancement of digital technology, online dispute resolution mechanisms are also increasingly important. Online platforms provided by dispute resolution agencies can provide easy access for consumers to file complaints and resolve disputes with companies online. This helps reduce the cost and time required in dispute resolution, as well as providing convenience to consumers who do not need to be physically present in court.

Business has an important role to play in increasing consumer education and awareness in the digital era. Consumer education and awareness are essential to protect themselves, recognize their rights, understand the risks of online transactions, and know how to deal with problems that may arise in the digital environment. The role of business law in improving consumer education and awareness includes:

1. Provide information about consumer rights

Business law requires companies to provide accurate and clear information about consumer rights. This may include the right to obtain quality goods or services, the right to privacy and security of personal data, the right to protection against harmful business practices, and the right to obtain compensation in the event of a breach.

2. Provide information about the risks of online transactions

Business law may require companies to provide clear information about the risks associated with online transactions, including payment security, data protection, and fraud risk. This helps consumers to make wiser decisions and minimize the risk of loss.

3. Encourage the development of consumer education programs

Governments and relevant agencies can work together to develop consumer education programs that focus on important aspects of protecting themselves in the digital age. The program may include training on online safety, an introduction to consumer rights, and an understanding of dispute resolution mechanisms.

The responsibility of business people in providing consumer protection includes several important aspects, including business ethics standards as the basis for carrying out fair, honest, and transparent business practices (Zamzam & Aravik, 2020). Businesses must follow the applicable code of ethics and ensure that all interactions with consumers are conducted with integrity. In addition, product return policies are important in providing consumer protection. Business people must have a clear and fair policy regarding the return of products that are damaged, defective, or not as promised. This policy provides assurance to consumers that they can make a claim or return the product if there is a problem. Furthermore, quality assurance becomes the responsibility of business people to ensure that the products or services they offer

meet the standards that have been set. This includes testing products before they are sold, meeting safety standards, and providing consumers with clear and accurate information about the quality of the products or services they purchase. Finally, in the hyper-connected digital era, businesses also have a responsibility to protect consumers' personal data. They must maintain the confidentiality and security of consumer data collected during the transaction process. This involves implementing an appropriate privacy policy, using adequate security technology, and providing clear information about the use of such data.

CONCLUSION

The role of business law in improving consumer protection in the digital age is critical and diverse. First, business law plays a role in the establishment and enforcement of regulations that protect consumers. Second, business law governs the privacy and security of consumer data. Third, business law ensures transparency and clear information for consumers. Fourth, business law establishes the responsibility of manufacturers and sellers for the quality, safety, and reliability of the products and services they offer. Fifth, business law provides an effective dispute resolution mechanism for consumers. Finally, business law also plays a role in increasing consumer education and awareness, providing information about consumer rights, the risks of online transactions, and how to deal with problems in the digital environment. With the strong role of business law, it is expected that consumer protection can be improved in the digital era, so that consumers feel safer, protected, and have higher trust in conducting online transactions and utilizing digital technology well.

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