

## ONLINE DISPUTE RESOLUTION AS AN ALTERNATIF FOR CONSUMER DISPUTE SETTLEMENT IN INDONESIA

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**Abstract:** *The development of information technology has brought significant changes in transaction patterns between businesses and consumers. The increase in digital transactions also implies an increased potential for disputes between the two parties. In this context, Online Dispute Resolution (ODR) has emerged as an alternative dispute resolution mechanism that is efficient, fast, and cost-effective. This article aims to analyze the effectiveness of the implementation of online dispute resolution . Dispute Resolution in Indonesia as a form of Alternative Dispute Resolution (APS) for consumers. The research method used is normative juridical with a conceptual and legislative approach. The results of the study show that online Dispute Online dispute resolution (ODR) has significant potential for resolving consumer disputes, but still faces obstacles such as low digital literacy, institutional limitations, and low levels of public trust. Regulatory strengthening, digital education, and synergy between institutions such as the Financial Services Authority (OJK) and the Financial Services Authority (SJK) are needed to support the implementation of online dispute resolution (ODR) . Dispute Resolution (ODR) that is effective and reliable.*

**Keywords:** *ODR , Consumer Disputes, APS , OJK, LAPS SJK*

### Introduction

The development of digital technology has transformed patterns of economic and social interaction, including in the field of trade. *E-commerce* and online transactions have become a vital part of the national economy, according to a report by *We Are Social* . on In 2024, more than 178 million Indonesians will make digital transactions every year, according to existing data. show improvement from year This situation has the potential to increase disputes between businesses and consumers. Dispute resolution through conventional litigation in court is often considered slow, expensive, and less efficient.

Therefore, an alternative mechanism is needed that is fast, simple, and adaptive to technological developments, one of which is through *Online Dispute Resolution (ODR)* . *Online Dispute Resolution (ODR)* is an information technology-based dispute resolution mechanism that allows parties to resolve conflicts without physical presence, but through a digital platform. This concept first developed in the United States in 1990. an and has now been widely implemented in the European Union and Asia.<sup>1</sup>

The implementation of *Online Dispute Resolution (ODR)* in Indonesia is still in its early stages. Several institutions, such as the Financial Services Sector Alternative Dispute Resolution Agency (LAPS SJK) and the Consumer Dispute Resolution Agency (BPSK), have begun exploring the use of digital technology in mediation and arbitration processes. However, regulatory and infrastructure readiness remain major challenges.

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<sup>1</sup>Katsh, E., & Rabinovich-Einy, O , (2017) , *Digital Justice: Technology and the Internet of Disputes*. Oxford University Press.

## Literature Review

The concept of Online Dispute Resolution (ODR)

*Online Dispute Resolution* (ODR) is a development of *Alternative Dispute Resolution* (ADR) that integrates information technology into the dispute resolution process. According to Rule <sup>2</sup>*Online Dispute Resolution* (ODR) can take the form of mediation, negotiation, or arbitration conducted online . Its primary goal is to provide an efficient, inclusive means of dispute resolution. and easily accessible to all levels of society.

## Legal Basis for *Online Dispute Resolution* (ODR) in Indonesia

Legal Foundation *Online Dispute Resolution* (ODR) in Indonesia can be found in several regulations, including:

- a. Law Number 30 of 1999 concerning Arbitration and Alternative Dispute Resolution<sup>3</sup>
- b. Law Number 8 of 1999 concerning Consumer Protection<sup>4</sup>
- c. OJK Regulation Number 61/POJK.07/2020 concerning Alternative Dispute Resolution Institutions in the Financial Services Sector<sup>5</sup>
- d. and Regulation of the Minister of Trade Number 72 of 2020 concerning the Implementation of Electronic Systems in the Trade Sector.<sup>6</sup>

Although there are no specific regulations that comprehensively regulate *Online Dispute Resolution* (ODR) , the various regulations above can be used as a legal basis for implementing *Online Dispute Resolution* (ODR) in Indonesia .

## Benefits and Challenges of *Online Dispute Resolution* (ODR)

According to Cort e s <sup>7</sup>The main benefits of *Online Dispute Resolution* (ODR) include time efficiency, cost savings, and increased access to justice. However, emerging challenges include low public trust, limited digital literacy, and the lack of standard operating procedures for implementing the *Online Dispute Resolution* (ODR) system.

## Result and Discussion

### *Online Dispute Resolution* ( ODR ) as an Alternative for Resolving Consumer Disputes

*Online Dispute Resolution* (ODR) offers a dispute resolution model suited to the characteristics of the digital society. In the context of consumer disputes, *Online Dispute Resolution* (ODR) can act as a neutral and efficient medium for resolving online conflicts between businesses and consumers. *Online Dispute Resolution* (ODR) models can take the form of online mediation , automated negotiation, or electronic arbitration. This system can shorten dispute resolution times from an average of 60 days to less than 15 days.<sup>8</sup>

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<sup>2</sup> Rule, C , (2021) , Designing a Global ODR System for Consumer Disputes. *Computer Law & Security Review*, 41 , 105–118.

<sup>3</sup> Law Number 30 of 1999 concerning Arbitration and Alternative Dispute Resolution.

<sup>4</sup> Law Number 8 of 1999 concerning Consumer Protection.

<sup>5</sup> OJK Regulation Number 61/POJK.07/2020 concerning Alternative Dispute Resolution Institutions in the Financial Services Sector.

<sup>6</sup> OJK Regulation Number 61/POJK.07/2020 concerning Alternative Dispute Resolution Institutions in the Financial Services Sector.

<sup>7</sup> Cort e s, P , (2018) , *The Law of Consumer Redress in an Evolving Digital Market: Upgrading from Alternative to Online Dispute Resolution*. Cambridge University Press.

<sup>8</sup> OECD , 2020 , *Digital Economy Outlook 2020*. OECD Publishing.

### Implementation of Online Dispute Resolution (ODR) in Indonesia

The implementation of *Online Dispute Resolution* (ODR) in Indonesia is still under development. The Financial Services Authority (OJK)'s (LAPS) Financial Services Authority (SJK), an official institution, has provided a digital platform for resolving financial sector disputes. Furthermore, the Ministry of Trade is developing a consumer complaints system. online based. However, several obstacles are still faced, such as:

- a. Limited technological infrastructure and human resources
- b. Low consumer digital literacy
- c. Lack of specific regulations regarding ODR procedures and standards
- d. Lack of socialization and public trust in digital systems .<sup>9</sup>

### The Online Dispute Resolution (ODR) System

To increase the effectiveness of *Online Dispute Resolution* (ODR) in Indonesia, several strategic steps are needed:

1. Strengthening national regulations related to *Online Dispute Resolution* (ODR) mechanisms, authorities, and procedures
2. Improving digital literacy through ongoing public education;
3. Collaboration between institutions such as OJK, Kominfo, BPSK, and business associations;
4. Improving data security and system reliability to build public trust;
5. *Benchmarking* against best practices of *Online Dispute Resolution* (ODR) in other countries such as the European Union and Singapore.

### Conclusion

*Online Dispute Resolution* (ODR) is an important innovation in the modern dispute resolution system that is in line with digital developments in *Indonesia* , *online Dispute Resolution* ( ODR) has great potential to become a fast, affordable, and fair means of resolving consumer disputes. However, its successful implementation depends on the synergy between regulation, digital literacy, and public trust . The government, dispute resolution institutions, and the community need to work together to strengthen infrastructure and increase institutional capacity so *that online Dispute Resolution* (ODR) can function optimally as an alternative for resolving consumer disputes in the digital era.

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<sup>9</sup> Wahyudi, A., & Siregar, R , 2023 , Trust and Technology Acceptance in Online Dispute Resolution among Indonesian Consumers. *Asian Journal of Law and Society*, 10 (2), 145–162.

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