

Law Enforcement Against Digital Businesses (E-Commerce) by The Business Competition Supervisory Commission (KPPU) in Competition Practices Unhealthy Business

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ABSTRACT: The research aims to find out and analyze the role of the Business Competition Commission (KPPU) in digital business and to know and analyze the law enforcement by the KPPU regarding digital-based business activities. The research method uses normative legal research, which uses primary and secondary legal materials, which are then presented as an inductive thinking pattern, namely from specific things to general things. The research results found that Indonesia's Business Competition Commission (KPPU) has a significant role in maintaining healthy competition in the market, including in the context of rapidly developing digital business. The KPPU monitors and takes action against business practices that can harm healthy competition. In digital business, this includes monitoring large companies that have the potential to dominate the market, such as e-commerce platforms, social media, or other digital services. Law enforcement against unfair competition practices in digital business, primarily e-commerce, is becoming increasingly relevant as the industry develops. In this context, the Business Competition Supervisory Commission (KPPU) is essential in maintaining healthy competition and ensuring that all business actors in the e-commerce sector operate following applicable legal provisions. The research suggestion is that effective law enforcement against unfair business competition practices in digital business by the KPPU requires a more innovative and responsive approach to digital dynamics. Strict supervision, international collaboration, and the use of technology will increase the KPPU's effectiveness in keeping Indonesia's digital market fair and competitive.

Keywords: Law Enforcement, Digital Business, KPPU.



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INTRODUCTION

Digital business is a business model that utilizes technology and digital platforms to carry out operational activities, marketing, sales, and managing products and services. Digital businesses are generally internet-based, using applications and online platforms to reach consumers and increase efficiency. Some examples of digital businesses include e-commerce, streaming services, mobile applications, online education platforms, and more.

With the development of technology and increasingly widespread internet access, digital businesses are in demand because they can be run with low costs, high flexibility and broad market reach. However, to be successful in digital business, it is vital to understand market trends, conduct data analysis, and develop effective marketing strategies.

Businesses with digital platforms/E-commerce are regulated in Law Number 11 of 2008 concerning Information and Electronic Transactions (UU ITE). Article 1 number 2 of Law Number 11 of 2008 concerning Information and Electronic Transactions defines electronic transactions or e-commerce as legal acts using computers, computer networks and/or other electronic media. According to research conducted by A.T Kearney, with a population of more than 240 million people, Indonesia's e-commerce market reaches US\$ 1.3 billion. Indonesia is a potential market for e-commerce businesses, with nearly 39 million internet users recorded, and around 5 million or 12% of them using the internet to make transactions.

Digital business or e-commerce has grown rapidly in Indonesia in recent years, especially with increasing internet access and the use of digital technology. However, along with the rapid development of this business, the potential for unfair business competition practices also arises. The Business Competition Supervisory Commission (KPPU), as the institution tasked with supervising and enforcing healthy business competition in Indonesia, has an essential role in ensuring that digital businesses run following applicable regulations and do not harm consumers or other business actors.

In the digital era, unfair business competition practices in e-commerce businesses tend to be more complex than in conventional industries. The KPPU faces several challenges in enforcing laws against digital companies.

One of the detrimental practices in digital business is predatory pricing, which occurs when a company sells products or services at very low prices (sometimes below production costs) to destroy competitors and dominate the market. After competitors leave the market, the dominant company raises prices for greater profits.

The emergence of business models with new transaction methods will give rise to new business competition models that will pit digital-based industries against conventional industries in a complex way. Competition between business actors should have a good impact and benefits for economic growth, and provide choices for consumers to determine the products they want. However, if growing competition hinders different business models, it will undoubtedly result in competition not being well-controlled. This is also due to the absence of regulations regarding competition in digital business.

On the other hand, the Business Competition Supervisory Commission (KPPU) has been given the task and authority by law to supervise, prevent, and enforce the law in business competition practices. Implementing the KPPU's duties in managing and enforcing the law will cause problems when existing legal provisions do not comprehensively regulate business competition by digital-based business actors.

METHOD

The type of research in this writing is legal research that uses normative research methods, namely, research carried out by examining statutory provisions and the doctrines of legal scholars related to this research. Normative legal research examines document studies using secondary data such as statutory regulations, court decisions, legal theory, and scholars' opinions. The things studied in normative legal research include legal principles, legal systematics, the level of legal synchronization, legal comparison, and legal history.

RESULT AND DISCUSSION

The role of the Business Competition Commission (KPPU) in digital business

Digital business competition is increasingly fierce, along with the rapid development of technology and the Internet. As accessibility to technology and digital platforms increases, companies are racing to capitalize on the huge market potential.

In digital business, competition depends not only on the products or services offered, but also on how companies manage technology, marketing, user experience and customer relationships. Therefore, companies must continue innovating and adapting quickly to market and technological changes to remain competitive.

Transactions using digital can be interpreted with various definitions. Chissic and Kelman state, "e-commerce is a broad term describing business activities with associated technical data that are conducted electronically." Sultan Remy Sjahdeini defines Electronic Commerce, or abbreviated as E-Commerce, as activities involving consumers, manufacturers, service providers and intermediary traders using computer networks, namely the internet.

Unfair competition in digital business is one of the problems that often occurs in the current digital era. This competition can harm honest business actors and potentially damage the business climate. The digital business monopoly in Indonesia can be seen in the development of two digital online transportation companies, Grab and Go-Jek. These two digital-based transportation companies apply discount rates to customers using discount vouchers and discounts if they use certain electronic payment methods. The discount rate policy by online motorcycle taxis to users can lead to predatory pricing, killing competitors' businesses, and giving rise to monopolistic practices and unfair business competition.

Predatory pricing provisions are regulated in Article 20 of the Law on the Prohibition of Monopolies and Unfair Business Competition. The prohibition on predatory pricing applies even

though it is carried out for a short period. Still, it can be profitable because consumers enjoy low prices for goods or services. On the other hand, after competitors are eliminated from the market over a long period, business actors will again increase the prices of goods or services.

In the constitutional system in Indonesia, the Business Competition Supervisory Commission (KPPU) can be classified as a complementary state institution (state auxiliary organ), which is given the authority by law to enforce business competition law. On the other hand, the KPPU, as a special institution, creates order in business competition and a conducive climate for business competition.

KPPU is also an independent institution that no authority can influence. Its position is as a supervisor in implementing laws and regulations concerning Unfair Business Competition. The Law on the Prohibition of Monopolies and Unfair Business Competition Practices also gives the KPPU the authority to assess and take action against business actors who engage in unfair business competition.

The KPPU can supervise various forms of unfair business competition, as in the case of the online motorcycle taxi discount war between Go-Jek and Grab. The KPPU can also supervise partnership relationships in business as regulated in Law Number 20 of 2008 concerning Micro, Small, and Medium Enterprises. The KPPU may be able to supervise as carried out by the Business Competition Supervisory Commission in Singapore.

In the case of predatory pricing in Singapore, after acquiring Uber, Grab increased its fares by between 10 and 15 percent. The Competition and Consumer Commission of Singapore (CCCS) received reports from Grab driver partners regarding the increase in commission rates imposed by Grab. On the other hand, Grab, with a budget of US\$ 2.5 billion, is used for promotions and playing with prices, which causes fares to increase and reduces incentives for driver partners. Due to this action, the Competition and Consumer Commission of Singapore (CCCS) tried to prevent predatory pricing practices and fined Grab IDR 140 billion for its predatory pricing practices. The KPPU, which is given the authority to prevent predatory pricing, should be able to carry out these efforts.

Law Enforcement by KPPU regarding Digital-Based Business Activities

Enforcement of unfair business competition law against digital businesses is an effort to ensure that companies or business actors do not carry out detrimental competitive practices or violate existing legal provisions. Digital business, which includes various sectors such as e-commerce, fintech, applications, digital platforms, and others, has fast dynamics and often involves large market forces. In this case, law enforcement aims to maintain healthy competition, protect consumers, and prevent abuse of dominant positions or cartels in the market.

Law enforcement by the Business Competition Supervisory Commission (KPPU) regarding digital-based business activities in Indonesia has become a significant concern in recent years. This is related to the increasing use of digital platforms to conduct economic transactions and the potential for anti-competitive practices that could harm consumers and other business actors.

KPPU is an institution tasked with supervising and enforcing business competition law in Indonesia. The main tasks of the KPPU are:

- Investigate and examine alleged violations of Law No. 5 of 1999 concerning the Prohibition of Monopolistic Practices and Unfair Business Competition.
- Provide recommendations and sanctions to business actors who are indicated to have committed acts detrimental to business competition, such as cartels, abuse of dominant positions, or other anti-competitive practices.

The KPPU can prevent monopolistic practices in unfair business competition, such as discrimination, exploitation from platform to supplier or between platforms, exclusive agreements, predatory pricing, abuse of dominant positions, and other forms of unfair business competition. Digital monopolies can hinder digital platform competition and innovation. Large providers can control the market and consumers by placing entry barriers against other providers.

To maintain healthy business competition in digital business, the KPPU can monitor indications of violations of business competition by preventing monopolistic practices and discrimination by supervising the provision of certain facilities to other platforms to enter the market. KPPU can also monitor the possibility of exploitation by providers towards consumers or between providers themselves.

KPPU can also monitor predatory pricing activities when platforms or sellers sell products at very low prices. On the other hand, KPPU can also provide suggestions and considerations to the government regarding the e-commerce industry and government decisions in regulating business activities in Indonesia. In law enforcement, various cases are indicated as unfair business competition, which are currently in the process of investigation and judicial proceedings by the KPPU. Regarding digital-based business activities, one type of business that has received attention from the KPPU is online transportation businesses. Regarding this business, the KPPU considers that there are problems in determining price tariffs, which are considered unreasonable.

Law enforcement against unfair competition in digital businesses is crucial to creating a fair and sustainable market. This requires more adaptive regulation and strict oversight to confront harmful practices while ensuring that large companies do not abuse their market power. Appropriate rules and strict law enforcement will protect consumers, support innovation, and create fair opportunities for all business actors, both large and small.

CONCLUSION

The Business Competition Commission (KPPU) in Indonesia has a crucial role in maintaining healthy competition in the market, including in the context of rapidly developing digital business. The KPPU supervises and acts against business practices that can harm fair competition, such as monopolies, cartels and other anti-competitive practices. In digital business, this includes monitoring large companies that have the potential to dominate the market, such as e-commerce platforms, social media, or other digital services. For example, exclusivity or predatory pricing practices (setting prices that are detrimental to competitors) can be investigated by the KPPU.

Law enforcement against unfair business competition practices in digital business, especially e-commerce, is becoming increasingly relevant as the industry develops. In this context, the Business Competition Supervisory Commission (KPPU) is important in maintaining healthy competition and ensuring that all business actors in the e-commerce sector operate following applicable legal provisions. Law enforcement against unfair business competition practices in the e-commerce sector by the KPPU is very important to create a fair and healthy market, protect consumers, and support business actors who compete fairly.

Effective law enforcement against unfair business competition practices in digital business by the KPPU requires a more innovative and responsive approach to digital dynamics. Strict supervision, international collaboration, and the use of technology will increase the KPPU's effectiveness in keeping Indonesia's digital market fair and competitive. Challenges such as rapid technological change and globalization require more flexible regulatory adaptations so law enforcement can function effectively and efficiently.

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