

Legal Protection for Digital Wallet Users Regarding Transactions Without Verification

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Abstract

This research aims to analyze the legal protection available to digital wallet users who experience balance reductions due to unverified transactions and to examine Bank Indonesia's supervision of digital wallet services. This research employs an empirical legal approach using both primary and secondary data. The data collected were then processed and analyzed descriptively and qualitatively to draw conclusions and provide recommendations for addressing the identified issues. The research shows that legal protection for digital wallet users who experience balance reductions due to unverified transactions is regulated under Article 4 letter h of the Consumer Protection Act, Article 48 letters i and j of PBI 3/2023, Article 177 letter c of PBI 23/6/PBI/2021, and Article 32 of PADG 20/2023. Affected users may file complaints with Bank Indonesia under Article 52 of PBI 3/2023, which will be addressed through education, consultation, and facilitation. Bank Indonesia's supervision is carried out through both direct and indirect methods, including the evaluation of reports, self-assessments, documents, and periodic or ad hoc inspections to ensure that service providers implement consumer protection principles in all business activities.

Keywords: Bank Indonesia; Digital Wallet; Transactions.

1. Introduction

Rapid technological developments have driven changes in the economic sector, one of which is the cashless phenomenon that facilitates transactions for the public. This transformation has also impacted the financial sector with the advent of digitalization known as financial technology (fintech). Fintech is a combination of financial services and technology that produces modern business models and simplifies payment systems. Whereas transactions were previously conducted directly with cash, payments can now be made digitally without distance limitations.¹ Fintech refers to the application of technological innovation in the financial services sector that produces business models, applications, processes, or products that have a significant impact on the provision of financial services.²

In the development of fintech in Indonesia, there are four types of fintech regulated by Bank Indonesia, namely (1) Peer-to-peer (P2P) lending and crowdfunding; (2) Payment, clearing, and settlement, which include various services such as payment gateways and digital wallets; (3) Investment risk management, a type of fintech that allows users to manage investment risks via mobile phones by filling in the necessary data to monitor their finances; (4) Market aggregators, a type of fintech that provides various information related to

¹ Bank Indonesia, "Mengenal Finansial Teknologi," *bi.go.id*, accessed March 14, 2024. <https://www.bi.go.id>.

² Teti Anggita Safitri, "The Development of Fintech in Indonesia," *Advances in Social Science, Education, and Humanities Research* 436 (2019): 667, DOI:10.2991/assehr.k.200529.139.

finance, investment, and credit cards.³ Currently, one type of fintech that is also a highly sought-after alternative to cashless payment systems is the digital wallet. Based on the results of the Consistency That Leads: E-Wallet Industry Outlook 2023 research, it shows that digital wallets are the most superior payment method compared to other payment methods in Indonesia.⁴

The Covid-19 pandemic has changed almost all aspects of human life. This pandemic has encouraged a shift in transaction patterns from conventional transactions in traditional markets, such as supermarkets and retail stores, to online and digital transactions through marketplaces. In addition, the Indonesian government is also encouraging the use of non-cash payments for transactions. This phenomenon can be a momentum to increase the use of digital wallet-based payment systems in Indonesia.⁵

Digital wallets are software systems designed to store and manage users' payment credentials in digital form.⁶ Digital wallets have a number of advantages over cash transactions. Users simply scan a barcode without needing to carry physical cash, making the payment process more practical. In addition, digital wallets also support fund transfer services, both between accounts within the same bank and between banks.⁷ As part of the payment system service providers, digital wallets are required to obtain a license from Bank Indonesia. This authority is responsible for regulating, supervising, and approving the operation of payment systems to ensure security and efficiency.⁸ Along with the development of cashless payment systems, it is possible that digitization in the financial sector will pose various risks to consumers. Therefore, Bank Indonesia issued Bank Indonesia Regulation Number 3 of 2023 concerning Bank Indonesia Consumer Protection on June 27, 2023.

Digital wallet operators, as payment service providers supervised by Bank Indonesia, are subject to Bank Indonesia Regulation Number 3 of 2023 concerning Bank Indonesia Consumer Protection, hereinafter referred to as PBI 3/2023. Based on the provisions of Article 7 of PBI 3/2023, operators are required to apply the principle of consumer protection in conducting their business activities. The principles of consumer protection in PBI 3/2023 are (a) Equality and fair treatment; (b) Openness and transparency; (c) Education and literacy; (d) Responsible business conduct; (e) Protection of consumer assets against misuse; (f) Protection of consumer data and/or information; (g) Effective handling and resolution of complaints; and (h) Enforcement of compliance.

In Indonesia, a number of digital wallet service providers have obtained operational

³ Indonesian Fintech Funding Association, "Jenis Fintech yang Berkembang di Indonesia," *Indonesian Fintech Funding Association*, accessed March 14, 2024, <https://afpi.or.id/jenis-fintech-yang-berkembang-di-indonesia>.

⁴ InsightAsia, *Press Release Survei InsightAsia: Selain Pembayaran, Pengguna Mulai Gunakan E-Wallet Untuk Mengelola Keuangan* (InsightAsia, 2022).

⁵ Machmudin Eka Prasetya and Shuhaida Mohamed Shuhidan, "Security, Risk and Trust in E-Wallet Payment Systems: Empirical Evidence from Indonesia." *Management and Accounting Review* 22, no. 1 (2023): 350

⁶ I Gede Pasek Adiarta and Lalu Wira Pria Suharta, "Perlindungan Hukum Pengguna Dompot Digital Menurut Undang-Undang Nomor 8 Tahun 1999 tentang Perlindungan Konsumen," *Journal of Commerce Law* 4, no. 2 (2024): 385, <https://doi.org/10.29303/commercelaw.v4i2.5553>.

⁷ Bank Indonesia, "Dompot Elektronik," *bi.go.id*, accessed on March 14, 2024. Channels and Services (bi.go.id).

⁸ Maqdir Ismail, *Bank Indonesia dalam Perdebatan Politik dan Hukum* (Navila Idea, 2009), 107.

licenses from Bank Indonesia, with five major companies dominating the market, namely GoPay (PT Dompot Anak Bangsa), OVO (PT Visionet International), DANA (PT Espay Debit Indonesia Koe), ShopeePay (PT AirPay), and LinkAja (PT Fintek Karya Nusantara).⁹ The development of financial sector digitalization continues to adapt to the needs of the community, one of which is through the use of digital wallets, which have now become an important transaction tool for the community. However, from a consumer protection perspective, the use of digital wallets is not enough to simply offer various conveniences to consumers. Digital wallet providers must ensure that consumer rights are fulfilled in accordance with applicable laws and regulations.

Based on the results of the research conducted, one of the losses experienced by DANA digital wallet users (PT Espay Debit Indonesia Koe) was a sudden decrease in their balance of Rp.50,000 with a transaction history to an unknown account number. The DANA user then filed a complaint with the DANA digital wallet provider, but has not received a response to date.¹⁰ Additionally, based on a search on the Media Konsumen website, in 2024, one GoPay digital wallet user (PT Dompot Anak Bangsa) also experienced a loss, namely a decrease in their balance of Rp.282,000 with a transaction history to the Tokopedia application. In this case, there was no notification, verification, or one-time password (OTP) code before the successful transaction was informed. The affected user has filed a complaint with Tokopedia and GoPay, but GoPay directed the consumer to report to Tokopedia and stated that the complaint had been resolved via phone and the consumer report ticket was closed. However, the consumer never received a call from GoPay. Meanwhile, Tokopedia stated that the transaction occurred through Tokopedia's partner service, so consumers were directed to report to GoPay.¹¹ Based on the provisions of PBI 3/2023, consumers have the right to be heard regarding their opinions and complaints about the products they use and/or services they utilize, as well as the right to have their consumer disputes handled and resolved. In this regard, digital wallet providers have an obligation to effectively handle and resolve complaints submitted by consumers. However, in reality, there are several consumers who have suffered losses due to sudden decreases in their digital wallet balances but have not received resolution for their complaints. Based on the background described above, the problem can be formulated as follow how is legal protection provided for digital wallet users who experience a reduction in their balance due to unverified transactions, and how does Bank Indonesia supervise the provision of digital wallet services.

This study has a novelty that distinguishes it substantially from previous studies on legal protection for digital wallet users, which generally examine the issue within the framework of consumer protection and payment system supervision. Clevalda & Kharisma (2021) examined the role of Bank Indonesia in protecting digital wallet customers based on PBI Number 16/1/PBI/2014, but did not specifically discuss balance reductions due to unverified transactions or the latest regulatory developments. Meanwhile, Cornelis (2022) analyzes the legal protection of digital wallet consumers through a normative approach, without linking the aspect of transaction verification to the validity of electronic transactions and the responsibility of the operator.

Unlike previous studies, this study examines legal protection for digital wallet users who

⁹ Katadata, "Survei Pengguna Dompot Digital: Gopay dan OVO Bersaing Ketat", *Katadata.id*, accessed March 14, 2024, <https://katadata.co.id>.

¹⁰ Interview with NN, a DANA digital wallet user, on January 12, 2024.

¹¹ Media Konsumen, Hati-hati dengan Tokopedia dan Gopay yang Katanya 'Aman', Mengecewakan dalam Bertanggung Jawab ke Pengguna!," *Mediakonsumen.com*, accessed on January 24, 2024, <https://mediakonsumen.com>.

experience balance reductions due to unverified transactions, as well as Bank Indonesia's supervision based on PBI Number 3 of 2023 concerning Bank Indonesia Consumer Protection. The novelty of this study lies in the use of empirical data through interviews with Bank Indonesia, digital wallet providers, and digital wallet users, thereby elucidating the gap between legal norms and consumer protection practices in digital wallet transactions.

2. Method

This research is a normative legal study that conducts a qualitative analysis of laws and regulations and is supported by empirical data on Bank Indonesia's consumer protection practices. The approaches used are the legislative approach and the conceptual approach. The legislative approach is used to analyze Bank Indonesia regulations regarding the obligations of payment service providers and Bank Indonesia consumer protection, particularly related to digital wallets, while the conceptual approach is used to examine doctrines and legal principles relevant to the topic under study. Empirical data was obtained through interviews with representatives of Bank Indonesia, Digital Wallet Providers, and Digital Wallet Users. All materials were analyzed qualitatively using prescriptive-analytical analysis techniques through systematic legal interpretation and deductive reasoning as the basis for drawing conclusions.

3. Analysis and Discussion

Legal Protection for Digital Wallet Users Who Experience Balance Reductions Due to Unverified Transactions

The *fintech* industry in Indonesia is growing rapidly, as evidenced by the establishment of the Indonesian Fintech Association, which has been officially registered as a legal entity. Members of this association include *fintech* companies, financial companies, and other institutions with expertise and interest in the field of financial technology.¹² Digitalization in the financial sector continues to grow at both the national and international levels. Since January 2016, the government has initiated a program to reduce the use of cash in response to competition from the ASEAN Economic Community (AEC). The steps taken to support this program are to reduce the use of cash through the adoption of alternatives such as *electronic payments*. E-payment is a *platform* that enables the payment of goods or services via the internet or other electronic devices.¹³

The presence of digital wallets as a means of payment is predicted to exceed cash spending in the near future. The development of the digital market has also quickly made online payments the preferred choice because they offer convenience and ease of use.¹⁴ According to Bank Indonesia regulations, digital wallets are a virtual *online* service model that acts as a data storage for transactions. In addition, it can also function as a place to store funds for

¹² Ahmad Syamil, Pantri Heriyati, and Marko Sebira Hermawan, *Perspektif Industri Financial Technology di Indonesia* (Qiara Media, 2020), 46.

¹³ Anggraeni Dias Saputri and Ahmad Raf'ie Prama, "Perbandingan Sikap dan Penerimaan Pengguna Layanan Dompot Digital di Indonesia," *Jurnal Komtekinfo* 8, no. 2 (2021): 155, <https://doi.org/10.35134/komtekinfo.v8i2.111>

¹⁴ Marvello Yang, *et al.*, "Cashless Transactions: A Study on Intention and Adoption of e-Wallets," *Sustainability* 13, no. 2 (2021): 831. <https://doi.org/10.3390/su13020831>

various *online* transactions.¹⁵ Digital wallets allow service users to store funds quickly without having to go through a complicated verification process so that they can immediately use the service to make transactions.¹⁶

The use of digital wallets allows people to make transactions by scanning a QR (*Quick Response*) code without using cash. QR-based payment systems are currently widely used because they are considered efficient and easy to operate. In general, QR payments on electronic wallets are a form of innovation in payment systems that provide convenience in their implementation.¹⁷

Digital wallets simplify the process of buying and selling through *smartphone* applications, allowing users to complete payments quickly and conveniently. However, even though *fintech* offers various conveniences, users still face a number of risks, such as *fraud*, *cybersecurity*, and *market risk*.¹⁸ Currently, several digital wallet providers have obtained operational licenses from Bank Indonesia, with five major companies dominating the market, namely GoPay (PT Dompot Anak Bangsa), OVO (PT Visionet International), DANA (PT Espay Debit Indonesia Koe), ShopeePay (PT AirPay), and LinkAja (PT Fintek Karya Nusantara).¹⁹ The data above shows that GoPay, OVO, and DANA are the top three digital wallets in Indonesia.

GoPay, OVO, and DANA digital wallet services have implemented *two-factor authentication* (2FA). *Two-factor authentication* (2FA) is a method of account verification that is carried out in two steps to ensure account validity, rather than relying solely on a password. The second step usually involves a secret code that is created specifically for this purpose or sent via *short message service* (SMS). This method provides a higher level of security for certain services, such as banking. With two-factor authentication, users are required to provide two different forms of identification, thereby increasing account security.²⁰ In addition to using an *email* address and password, users need to add an extra step to enable two-factor authentication. Sites that implement two-factor authentication are directly linked to the user's mobile phone number. The most popular illustration is through a *smartphone* device, which receives a *one-time password* (OTP) code or link from the system.²¹

There are various methods that users can use to verify their identity, starting from entering a password to show identification, to using *biometrics* such as facial and fingerprint

¹⁵ Chaiza Naiya, Ratna Julita Ismiarti, and Fitri Ayu Nofirda, "Analisis Dampak Penggunaan Dompot Digital Pada Generasi Milenial: Studi Komparasi Gopay dan Ovo/Dana," *Jurnal Pendidikan Tambusai* 7, no. 3, (2023): 3160.

¹⁶ Yuda Anrova and Albert Sembiring, "Peran Lembaga Penjamin Simpanan Terhadap Saldo Uang Elektronik Pada Dompot Elektronik Dana," *Jurnal Res Justitia: Journal of Legal Science* 2, no. 1 (2022): 151, <https://doi.org/10.46306/rj.v2i1.20>.

¹⁷ Yudi Kornelis, "Legal Protection for E-Wallet Consumers in The Digital Economy Era," *Mizan: Journal of Law* 11, no. 1 (2022): 37, [10.32503/mizan.v11i1.2492](https://doi.org/10.32503/mizan.v11i1.2492).

¹⁸ Rinitami Njatrijani, "Perkembangan Regulasi dan Pengawasan Financial Technology di Indonesia," *Diponegoro Private Law Review* 4, no. 1 (2019): 456.

¹⁹ Adi Ahdiat, *Op. cit*

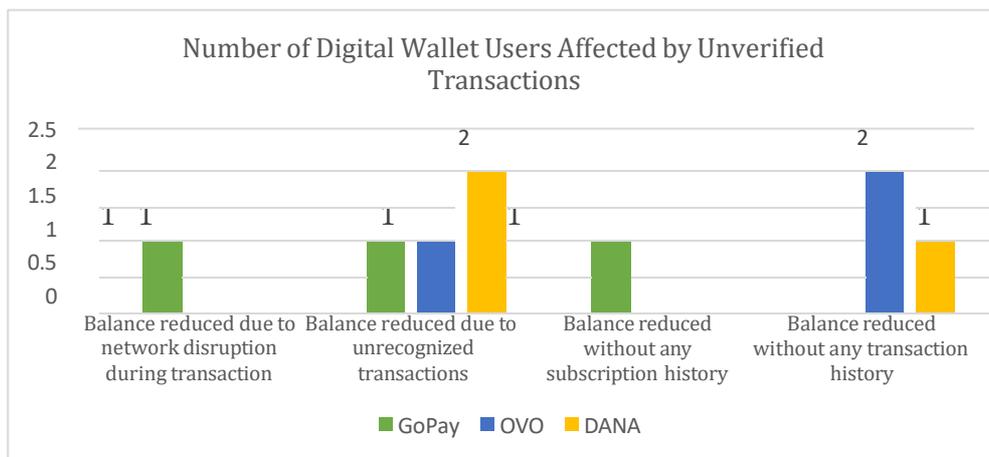
²⁰ Tantri Aprilia, et al., "Pengaruh Keamanan Two Factor Authentication Terhadap Pencurian Data (*Cyber Crime*) Pada Media Sosial," *Madani: Multidisciplinary Scientific Journal* 2, no. 5 (2024): 450, <https://doi.org/10.5281/zenodo.11496678>

²¹ *Ibid.*

recognition for validation. Although the password method is the most widely used method, there is a risk that someone else could find out the password and gain access to protected personal data. Therefore, the implementation of two-factor authentication is very important to increase double security to protect a person's personal data.²²

When using digital wallet services, users will receive a *one-time password* (OTP) via WhatsApp, SMS, or email when they first access the service. Each account is also limited to only being connected to one device at a time. To complete a transaction, the system requires users to enter a PIN or use a registered fingerprint. However, the rapid digitization of the financial sector is not without risks, such as cybercrime or data leaks due to system weaknesses, which have the potential to cause financial losses for consumers. Based on the results of the study, the losses experienced by users of the GoPay, OVO, and DANA digital wallets can be categorized as follows:

Gambar. Number of Digital Wallet Users Affected by Unverified Transactions



Based on the diagram above, there are 3 (three) users of each digital wallet—GoPay, OVO, and DANA—who have suffered losses due to unverified transactions, with the following details:

1. GoPay

The first case was experienced by a GoPay digital wallet user named NH, who resides in Makassar City, on December 12, 2023, when he experienced network problems while making a transaction, causing the system to automatically process the transaction repeatedly and resulting in a sudden debit of Rp25,000 (twenty-five thousand rupiah) from his GoPay balance. The user then filed a complaint through the help center on the GoPay application. The second case was experienced by a user named D, residing in Surakarta City on November 25, 2022, who experienced a balance deduction of Rp730,000 (seven hundred thirty thousand rupiah) due to an unrecognized transaction, prompting the user to also file a complaint through the help center on the GoPay app. The third case was experienced by a user named N residing in Pekanbaru City on January 9, 2025, with a balance deduction of Rp21,000 (twenty-one thousand rupiah) via auto-debit through Google Play transaction history without any subscription history, and the user then submitted a complaint through the official GoPay account on the Twitter app.

²² *Ibid*, 455

2. OVO

The first case was experienced by an OVO digital wallet user named TK residing in Bulukumba Regency on October 5, 2024, when *topping up* their OVO balance to another account by Rp70,000 (seventy thousand rupiah) from an initial balance of Rp80,000 (eighty thousand rupiah), However, after the transaction, the balance became Rp0, even though there should have been Rp10,000 (ten thousand rupiah) remaining. The user did not file a complaint because the amount deducted was considered small, with a minimum tolerance of Rp200,000 (two hundred thousand rupiah). The second case was experienced by a user named R, who lives in Bandung, on September 9, 2021. After topping up Rp110,000 (one hundred ten thousand rupiah), the user's balance was reduced to Rp9,300 (nine thousand three hundred rupiah) as the initial balance. The user then filed a complaint through OVO's official account on Twitter at . The third case involved a user named SY, also residing in Bandung City on August 9, 2020, who experienced a balance reduction of Rp770,000 (seven hundred seventy thousand rupiah) due to an unrecognized transaction, and the user submitted a complaint through the help center on the OVO app.

3. DANA

The first case was experienced by a DANA digital wallet user named RA, residing in Makassar City on August 16, 2023, when the user experienced a sudden balance reduction without their knowledge, resulting in a total loss of Rp500,000 (five hundred thousand rupiah), but did not file a complaint because the complaint process was considered complicated and there was a minimum tolerance of IDR 1,000,000 (one million rupiah). The second case was experienced by a user named OJ, also residing in Makassar City, on March 21, 2024, who suffered a loss of IDR 400,000 (four hundred thousand rupiah) due to the balance being sent to another account without the user's knowledge, even though a PIN was required to make the transaction. The user then filed a complaint through the help center on the DANA app. The third case was experienced by a user named AD, who resides in Bandung City, in 2021, who experienced a balance reduction of Rp3,000,000 (three million rupiah) without any previous transactions. However, the user did not file a complaint because they assumed that the balance would not be returned and applied a minimum tolerance of Rp5,000,000 (five million rupiah).

Based on the cases experienced by several GoPay, OVO, and DANA digital wallet consumers, it can be seen that some of them have filed complaints with the digital wallet providers and received compensation for the losses they incurred. Consumers have the right to file a complaint with the operator if they experience financial losses when using digital wallets. Based on Article 39 paragraph (1) of PBI 3/2023, operators are required to have a function that handles and resolves complaints submitted by consumers. In accordance with this, GoPay, OVO, and DANA digital wallets have several complaint services, as follows:

- a. **GoPay:** Complaints regarding GoPay services can be submitted via:
 - 1) *Email* to the *email* address customerservice@gopay.co.id
 - 2) Phone to *the call center* at 1500729;
 - 3) The help center available on the GoPay app.
- b. **OVO:** Complaints regarding OVO services can be submitted via:
 - 1) Phone to the number 1 500 696;
 - 2) *Email* to the *email* address cs@ovo.id; or
 - 3) The help center available on the OVO app.
- c. **DANA,** complaints about DANA services can be submitted via:
 - 1) Call the number 1500 445;
 - 2) *Email* to: help@dana.id;

3) DIANA *live chat* on the DANA app.

Based on the research findings, there were three users each of the GoPay, OVO, and DANA digital wallets who suffered financial losses due to unverified transactions. Additionally, 6 (six) digital wallet users, comprising 3 (three) GoPay users, 2 (two) OVO users, and 1 (one) DANA user, filed complaints with the digital wallet providers. Compensation from the digital wallet providers was only given to 3 (three) users, namely a GoPay user with the initials NH, OVO users with the initials R and SY, and no compensation was given to DANA users. The compensation took the form of a refund to each user's account, adjusted to the amount deducted due to the unverified transaction. This refund process was carried out as compensation for the financial losses suffered by the digital wallet users.

Based on this case, it can be concluded that not all cases of digital wallet consumer losses are resolved with compensation for the losses experienced by consumers. Meanwhile, these three types of digital wallets provide compensation services, with the following conditions:

1. GoPay

- a. Provides a "*GoPay Balance Guarantee*" service for users who have verified their account (GoPay Plus) and activated a PIN before the incident occurred.
- b. Claims can be submitted within a maximum of 7 (seven) calendar days from the transaction date, accompanied by sufficient evidence. Refunds are decided based on the results of the claim review.
- c. Compensation only covers direct losses with a maximum limit equal to the last balance or IDR 10,000,000, whichever is lower.
- d. Protection applies if the balance is lost due to *brute force* or device loss (*phone loss*).
- e. If the device is lost, stolen, or hacked, the user must immediately report it via the registered email or customer service. Transactions that occurred before the report are still considered valid.
- f. Transaction failures through third parties (official partners, banks, etc.) are outside the responsibility of GoPay.

2. OVO

- a. The operator may block an account for security reasons, including at the request of a verified user who is the rightful owner.
- b. Blocking is mandatory if there are indications of a security incident.
- c. Users are expected to report immediately if:
 - They lose access to their account even though their login details are correct;
 - There are unknown transactions; and
 - Receiving an OTP without requesting it.
 - Complaints can be submitted after 24 hours have passed since the issue arose.

3. DANA

- a. Protection covers DANA balance, transactions with stored debit/credit cards, DANA eMas, DANA Cicil, and DANA Goals, based on the loss value at the time of the incident.
- b. EDIK provides compensation based on the loss, provided the user has DANA *Premium* status, has activated facial verification (DANA *Viz*), and has never shared security codes (OTP/PIN).
- c. Incidents recognized as account takeover (ATO) include device loss and *brute force* attacks.
- d. Protection does not cover losses due to user negligence, fraud (*scam*), *phishing*, fraudulent acts, false claims, *malware*, or transactions on devices verified by DANA's internal system.

- e. Claims must be submitted within 60 calendar days of the incident through the official DANA Customer Care platform with complete supporting evidence.

The complaint mechanism and compensation provided by the GoPay, OVO, and DANA digital wallet services are adequate and in accordance with the obligations of operators under PBI 3/2023. When consumers file complaints, operators are responsible for providing official channels for consumer complaints. Operators are required to resolve complaints related to misunderstandings about products/services or requests for information within a maximum of 5 (five) working days. Meanwhile, complaints related to indications of violations of provisions and consumer losses must be resolved within a maximum of 20 (twenty) working days. In certain situations, operators may extend the complaint resolution period by 20 (twenty) working days, but they must inform consumers in advance.²³

However, based on the above cases, not all consumers have received a resolution to the complaints submitted to digital wallet operators. This is contrary to the provisions of Article 4 letter h of Law Number 8 of 1999 concerning Consumer Protection, hereinafter referred to as UUPK, which stipulates that:

“The right of consumers is to receive compensation, damages, and/or replacement if the goods and/or services received do not comply with the agreement or are not as they should be.”

The term "consumer protection" relates to legal protection, so encompasses legal aspects. is not only about physical aspects, but more about the abstract rights of . In other words, is actually legal protection of rights.²⁴ The complaint mechanism is regulated in the terms and conditions contained in the standard clauses of the agreement between the digital wallet service provider and the consumer. According to Article 1 point 10 of the UUPK, the definition of a standard clause is:

“Any rules or provisions and conditions that have been prepared and unilaterally established in advance by a business entity and incorporated into a document and/or agreement that is binding and must be complied with by consumers.”

In transactions using digital wallets, the parties involved include consumers and operators, where a legal relationship is formed as reflected in an agreement embodied in terms and conditions that must be agreed to by users before using digital wallet services. The provisions of Article 1313 of the Civil Code stipulate that:

"An agreement is an act by which one or more persons bind themselves to one or more other persons."

An agreement is born when the parties reach an agreement on the subject matter of the agreement. Agreement in this case is defined as a common understanding and desire between the two parties. In this context, there is an alignment of wills to execute or not execute an agreement.²⁵ The application of an agreement as a law for the parties bound by an agreement places the agreement as law. Roscoe Pound states that balanced protection between producers and consumers reflects the role of law as a tool of social control, namely controlling social life by balancing the interests that exist in society.²⁶

²³ Bank Indonesia, "Perlindungan Konsumen", *bi.go.id*, accessed October 18, 2024, <https://www.bi.go.id>.

²⁴ Ahmadi Miru and Sutarman Yodo, *Hukum Perlindungan Konsumen* (Rajawali Pers, 2011), 30.

²⁵ Didik Kusuma Yadi, Muhammad Sood, and Dwi Martini, 2022, " Perlindungan Hukum bagi Para Pihak dalam Transaksi E-commerce Menurut Tata Hukum Indonesia," *Journal of Commerce Law 2*, no. 1 (2022): 144, <https://doi.org/10.29303/commercelaw.v2i1.1368>.

²⁶ Marwah, "Peran Otoritas Jasa Keuangan dalam Penyelesaian Pengaduan Konsumen Sektor Jasa

The presence of law in society functions as an instrument to integrate and coordinate various interests by setting boundaries and protecting those interests.²⁷ Etymologically, legal protection comes from the Dutch term *theorie van de wettelijke bescherming*. The phrase "legal protection" reflects the idea that the law aims to protect something, which in this context is human interests.²⁸ Consumer protection is a term used to describe the legal protection provided to consumers in an effort to meet their needs in order to avoid losses. The main purpose of this protection is to create a sense of security for consumers in meeting their daily needs.²⁹

Digital wallets are a concept that has evolved from electronic money in payment systems. Based on the provisions of Bank Indonesia Regulation Number 20/6/PBI/2018 concerning Electronic Money, Electronic Money is a payment instrument issued on the basis of money deposited in advance to the issuer, the value of the money is stored electronically in a server or *chip*, and the value of electronic money managed by the issuer is not a deposit as referred to in the Law governing banking. The conceptual difference between digital wallets lies in the aspect of liability and legal consequences. If the funds are stored and managed by the owner, then the responsibility lies entirely with the owner, as with cash. However, if the funds are stored by the digital wallet provider, then the provider is liable for any losses arising from errors and negligence in the provision of services.³⁰

In addition to potential financial losses, consumers also face the risk of leakage and misuse of confidential banking information if their mobile devices are lost or stolen. Online transactions through digital wallets are vulnerable to various security threats, such as hacking, *malware* attacks, and *phishing*. Given that digital wallets are a relatively new technology, there are still a number of security issues that have not been optimally addressed.³¹ Referring to a survey conducted by the Ministry of Communication and Information Technology together with Katadata Insight in 2021, electronic wallets are considered the financial product most vulnerable to data leaks, at 36.6%,⁴⁸ so there needs to be stricter protection efforts to address this vulnerability.³²

Implicitly, legal protection in Indonesia in the context of civil law is reflected in the Civil Code or *Burgerlijk Wetboek* (BW). The BW regulates protection for victims or injured parties by providing compensation in the form of damages. This is confirmed in Article 1365 of the BW, which stipulates that anyone who violates the law and causes damage must compensate for the resulting losses. Furthermore, the provisions of Article 18 paragraph (1) of the UUPK explicitly prohibit business actors from including standard clauses that, among other things, transfer the responsibility of business actors or limit the rights of consumers to obtain compensation.

Keuangan," *Jurisprudentie* 5, no. 1 (2018): 237, <https://doi.org/10.24252/jurisprudentie.v5i2.5815>.

²⁷ Marwah, "Relaksasi Kredit Perbankan di Daerah Wisata yang Tertimpa Bencana Alam" *Jurisprudence* 6, no. 1 (2019): 127.

²⁸ Hulman Panjaitan, *Hukum Perlindungan Konsumen* (Jala Permata Aksara, 2021), 48.

²⁹ Rosmawati, *Pokok-Pokok Hukum Perlindungan Konsumen* (Prenadamedia Group, 2018), 6.

³⁰ Riska Vebri Amelia, et al., "Perlindungan Hukum Terhadap Pengguna *E-Wallet* dalam Sistem Pembayaran Digital di Indonesia." *Journal of Sharia Science Integration (Jisrah)* 4, no. 3, (2023): 364, DOI: 10.31958/jisrah.v4i3.11741.

³¹ Faten Aisyah Ahmad Ramli and Muhammad Iskandar Hamzah, "Mobile Payment and E-Wallet Adoption in Emerging Economies: A Systematic Literature Review," *Journal of Emerging Economies & Islamic Research* 9, no.2 (2021): 5. DOI: 10.24191/jeeir.v9i2.13617

³² Annisa Monica, Cahya Yulianti, Azzahra Nurintiara. "Upaya Penguatan Hukum Perlindungan Data Pribadi Dalam Keamanan Transaksi Menggunakan Dompet Elektronik Melalui Penerapan Zero-Knowledge Proof" *Padjajaran Law Review* 13, no. 1 (2025): 80, <https://doi.org.10.56895/plr.v13i1.2212>

The responsibility of digital wallet providers for losses suffered by consumers is also emphasized in Article 19 of the UUPK, which stipulates that business actors are responsible for providing compensation for damage, contamination, and/or consumer losses resulting from the consumption of goods and/or services produced or traded. In the context of digital wallet services, this provision places operators as business entities responsible for consumer losses arising from the use of electronic payment system services. Furthermore, Article 19 paragraph (2) of the UUPK stipulates that compensation can be in the form of a refund or replacement of similar or equivalent services. This provision is in line with the practice of replacing digital wallet balances that are reduced or lost due to system failures, unverified transactions, or failures due to network insecurity. The provision of compensation based on Article 19 paragraph (3) of the UUPK must be carried out within a maximum period of 7 (seven) days after the transaction date, so that digital wallet operators cannot delay the settlement of consumer complaints without a clear legal basis.

In addition to being regulated in the UUPK in general, the protection of digital wallet consumers, who are consumers in the payment system sector, is also regulated in PBI 3/2023. Bank Indonesia's consumer protection is all efforts that guarantee legal certainty to provide protection to consumers.³³ Bank Indonesia's consumer protection aims to enhance the effectiveness of Bank Indonesia's role in protecting consumers of products and/or services under Bank Indonesia's authority to support the creation of financial system stability in order to promote sustainable economic growth. The objectives of the framework following the implementation of PBI 3/2023 on Bank Indonesia Consumer Protection are the enforcement of *market conduct*, the empowerment of the community, and the effective handling of consumer complaints.³⁴

The basic principles of the framework following the enactment of PBI 3/2023 are: (1) Openness/transparency; (2) Fair and responsible business conduct; (3) Protection of assets, privacy, and data; (4) Effective and efficient complaint handling; (5) Adequate education; (6) Healthy competition; (7) Enforcement of compliance; (8) Access and inclusion.³⁵ Organizers are required to apply consumer protection principles in conducting their business activities, which include:³⁶

- a) Equality and fair treatment
Organizers must provide equal access to consumers, special services to consumers with special needs, have guidelines for setting costs, pay attention to the principles of balance, fairness, and reasonableness in making standard agreements, etc.
- b) Openness and transparency
The obligation to provide information about product features (costs, benefits, risks), information provided must be accurate, up-to-date, honest, clear, and not misleading (including in advertising), etc.
- c) Principles of education and literacy
The obligation of organizers to provide education, improve consumer literacy, conduct education in a planned, measurable, and sustainable manner, etc.
- d) Responsible business conduct
The obligation of organizers to implement responsible business conduct that refers to international principles, association agreements and/or other legal norms.
- e) Protection of consumer assets

³³ Article 1(3) of Bank Indonesia Regulation No. 3 of 2023 on Consumer Protection.

³⁴ Bank Indonesia, *Op.Cit.*

³⁵ *Ibid.*

³⁶ Interview with Edy Kristianto, Head of the Payment System and Rupiah Management Division of the Bank Indonesia Representative Office in South Sulawesi Province, on October 30, 2024

- The obligation of the organizer to safeguard the security of consumer assets under their responsibility, the obligation to provide information regarding the use of products/services and the development of consumer assets.
- f) Data and information protection
The obligation of the organizer to maintain the confidentiality and security of consumer data and/or information, ensuring that third parties working together maintain the confidentiality and security of consumer data and/or information, etc.
 - g) Handling and resolution of complaints
The obligation to handle and resolve consumer complaints, the prohibition on charging consumers for complaints filed, etc.
 - h) Enforcement of compliance
Service providers must ensure compliance with the provisions of laws and regulations regarding consumer protection.

Based on the principles of consumer protection in the provisions of PBI 3/2023, it is only fitting that digital wallet operators enforce the above principles. However, based on several cases discussed in this study, the principle of effective complaint handling and resolution has not been fully enforced by the digital wallet operators concerned, resulting in consumer losses.

Furthermore, this also contradicts the provisions of Article 48 letters i and j of PBI 3/2023, which stipulate that:

"Consumer rights include the right to advocacy, protection, and efforts to handle complaints and resolve consumer disputes in accordance with the provisions of laws and regulations."

"Consumer rights include the right to receive compensation if the products and/or services received do not comply with the agreement and/or the provisions of laws and regulations."

Digital wallet operators as payment service providers are required to have a mechanism for compensating consumers who suffer financial losses. This is regulated in the provisions of Article 177 letter c of Bank Indonesia Regulation Number 23/6/PBI/2021 concerning Payment Service Providers, which stipulates that:

"For consumer protection, payment service providers that carry out fund management activities in the form of issuing electronic money must have a mechanism for compensating electronic money users for financial losses as long as the losses are not caused by the fault or negligence of the electronic money user."

Based on the provisions of Article 32 paragraph (1) of Regulation of the Board of Governors Number 20 of 2023 concerning Procedures for Implementing Bank Indonesia Consumer Protection, it is stipulated that the organizer is obliged to be responsible for consumer losses arising from errors, negligence, and/or actions of the organizer that are contrary to the provisions of the law in the form of:

- a. Errors, negligence, and/or actions committed by the directors, board of commissioners, management, employees of the operator, or third parties representing or working for the interests of the operator;
- b. Failure of the operator to take action on transactions that indicate *fraud* and deception in consumer products and/or services;
- c. Non-compliance with any requirements imposed in connection with the provision of the organizer's products and/or services;
- d. Non-compliance with the obligation to apply consumer protection principles as

stipulated in the provisions of laws and regulations.

The form of liability of digital wallet service providers for financial losses suffered by consumers, which can be proven to have occurred due to the fault of the service provider and not due to consumer negligence, is regulated in the provisions of Article 32 of Regulation of the Board of Governors Number 20 of 2023 concerning Procedures for the Implementation of Bank Indonesia Consumer Protection, namely in the form of compensation for consumer losses through a refund in accordance with the agreement between the parties or a final decision. Refunds shall be made no later than 1 (one) working day after all administrative processes have been completed in accordance with the provider's internal provisions. Any losses incurred after notification of *fraudulent* transactions and fraud are borne by the organizer. In the event that losses occur due to the contribution of the organizer and consumers, liability for compensation is determined based on the process of proving indications of error, negligence, and/or actions that violate the provisions of laws and regulations. However, as of the writing of this study, there has been no response from the digital wallet service provider.

In the provisions of PBI 3/2023, Bank Indonesia provides a complaint service for digital wallet consumers if consumers do not agree with the handling and resolution carried out by the operator, including if the digital wallet operator does not respond to complaints submitted by consumers. Complaints submitted to Bank Indonesia include (a) consumer misunderstanding, (b) indications of violations of Bank Indonesia regulations by the provider, and/or (c) financial losses and/or potential financial losses that are reasonable and have a direct impact on consumers. Complaints submitted to Bank Indonesia are further processed in accordance with the following provisions:

- a. The consumer has submitted a complaint to the digital wallet provider, but no agreement has been reached between the parties;
- b. The issue being complained about is a civil matter that has not been handled by a court, dispute resolution institution or body, or other competent authority;
- c. The consumer has the potential to suffer financial losses caused by the operator, with a certain value determined by Bank Indonesia. The value of potential financial losses as determined is a maximum of IDR 500,000,000.00 (five hundred million rupiah) caused by operators in the payment system sector.

Bank Indonesia carries out 3 (three) types of activities in handling consumer complaints, namely education, consultation, and facilitation, as stipulated in Article 42 of Regulation of the Board of Governors Number 20 of 2023 concerning Procedures for the Implementation of Bank Indonesia Consumer Protection. Education is an activity to provide information and understanding to consumers regarding products and/or services regulated and supervised by Bank Indonesia. In consultation activities, Bank Indonesia plays a role in providing understanding to consumers and providers regarding issues in the use of products and/or services, requesting clarification regarding issues from consumers and providers, and requesting providers to review consumer complaints and follow up on the results of the review by submitting settlement proposals to consumers.³⁷

Facilitation is an effort to resolve consumer complaints by bringing consumers and providers together. Facilitation is carried out after consultation and fulfillment of the administrative requirements set by Bank Indonesia, as stipulated in Regulation of the Board of Governors Number 20 of 2023 concerning Procedures for the Implementation of Bank Indonesia Consumer Protection. The documents that must be completed are a photocopy of

³⁷ Article 43 of Regulation of the Board of Governors Number 20 of 2023 concerning Procedures for the Implementation of Bank Indonesia Consumer Protection.

the complaint resolution letter given by the provider to the consumer, a photocopy of the consumer's identity card, a statement letter stating that the reported issue is a civil matter that has never been processed by a court, dispute resolution body/institution, or other competent authority, and photocopies of other supporting documents related to the issue raised. If the complaint is submitted by a representative, a power of attorney and the representative's identity must be attached. The request for facilitation must be submitted in writing within a maximum of 60 working days from the date of the settlement proposal from the organizer. In the facilitation process, Bank Indonesia only acts as a mediator without providing legal decisions or recommendations for dispute resolution.

The submission of consumer complaints to Bank Indonesia shall not exceed 60 (sixty) working days from the date of submission of the written complaint resolution results from the organizer to the consumer.³⁸ The submission of complaints by consumers, whether related to requests for education, consultation, or facilitation, including correspondence to Bank Indonesia for consumer protection, must comply with the following provisions:³⁹

- 1) Verbal complaints can be made through *the BICARA call center* at 1500 131;
- 2) Written complaints can be submitted via:
 - a. Letter
 - i. Consumers residing in DKI Jakarta, Bekasi Regency/City, Bogor Regency/City, Karawang Regency, and Depok City may send letters to the Department of Payment System Policy and Supervision, Bank Indonesia Office Complex, Building D, 5th Floor, Jalan M.H. Thamrin No. 2, Jakarta.
 - ii. Consumers outside this area can send a letter to the nearest Bank Indonesia Representative Office.
 - b. *Emails* can be sent to bicara@bi.go.id;
 - c. *Faxes* can be sent to (021) 2311901.

If consumers still do not agree with the results of the handling and resolution, they can also submit their dispute to a dispute resolution institution or body or to the court.⁴⁰ However, based on the results of the study, the author found that digital wallet users who suffered losses due to unverified transactions did not file complaints with Bank Indonesia because they did not know that digital wallet consumers could report their losses to Bank Indonesia as the institution that licenses digital wallet operators and is also authorized to supervise digital wallet operators as payment service providers.

Financial losses due to unverified transactions were also experienced by other digital wallet users residing in Makassar City. During the period of January-July 2024, there were four customer complaints related to digital wallets (*e-wallets*) to the Bank Indonesia Representative Office in South Sulawesi Province. Two of these complaints were followed up through consultation with the *e-wallet* operators, while the other two were addressed through customer education. All of these complaints were filed by customers residing in Makassar.⁴¹

In order to prevent losses in the form of reduced balances due to unverified transactions when using *e-wallets*, Bank Indonesia advises the public to be aware, recognize, and report (PeKA), which is expected to increase consumer awareness and understanding of various

³⁸ Article 40 of Regulation of the Board of Governors No. 20 of 2023 concerning Procedures for the Implementation of Bank Indonesia Consumer Protection

³⁹ Bank Indonesia, *Op.Cit.*

⁴⁰ Article 52 of Bank Indonesia Regulation Number 3 of 2023 concerning Consumer Protection.

⁴¹ Interview with Edy Kristianto, Head of the Payment System and Rupiah Management Division of the Bank Indonesia Representative Office in South Sulawesi Province, on October 30, 2024

financial products and services. Consumers are expected to be aware of the benefits, risks, and security of payment transactions, recognize official and trusted operators and regulators, and submit complaints to Bank Indonesia for follow-up in the event of violations in the relationship between operators and consumers.⁴²

In addition, be mindful of personal data, do not share personal *mobile phone* numbers used for *e-wallets*. Do not upload personal information on social media. Consumers must recognize the latest modes of fraud to avoid hacking and *social engineering* attempts that will be exploited by irresponsible individuals to deceive users and immediately report to the provider in the event of an unverified balance reduction. If the operator does not provide satisfactory complaint handling or does not comply with *the Service Level Agreement (SLA)*.⁴³ The author believes that the implementation of effective consumer complaint handling and resolution principles is a must for every digital wallet operator. This is due to the increasing risk of crime in the digitization of the financial sector. Therefore, consumers have the right to protection and efforts to handle complaints and resolve financial losses experienced by consumers due to unverified transactions. In this context, it is important for digital wallet providers to implement transparent and responsive services to consumer complaints in order to protect consumer rights and maintain consumer confidence in the digitization of the financial sector.

Based on the principles of consumer protection as stipulated in PBI 3/2023, digital wallet providers are, in principle, obliged to uphold and implement these principles in the provision of services. These principles include, among others, the obligation of providers to provide effective mechanisms for handling and resolving consumer complaints. However, when looking at several cases discussed in this study, it can be seen that the principle of effective complaint handling and resolution has not been fully enforced by the digital wallet operators concerned, which has resulted in consumers' rights to compensation not being fulfilled. In addition to having various benefits that encourage people to use digital wallets, the level of credibility of a technology can also affect the level of user confidence in the services to be used.⁴⁴ In practice, consumers often experience delays in complaint resolution and unclear follow-up processes. This situation reflects the structurally weak position of consumers in their legal relationship with digital wallet providers. This structural weakness is caused by information inequality, technological dominance, and the dominance of providers in the formulation of standard clauses and dispute resolution mechanisms. This condition can also be classified as *a soft enforcement problem*, namely the weak enforcement of consumer protection norms at the implementation level. Although normatively PBI 3/2023 regulates the obligations of operators in protecting consumers, supervision and enforcement of compliance with these provisions have not been fully effective.

Bank Indonesia's Supervision of Digital Wallet Service Providers

As an independent central bank, Bank Indonesia has a role in formulating and implementing monetary policy, regulating and maintaining the smooth operation of the payment system, and setting macroprudential policy. In relation to the payment system, Bank Indonesia has the authority to formulate policies, regulate, grant licenses, implement, and supervise

⁴² *Ibid.*

⁴³ *Ibid.*

⁴⁴ D S Soegoto and M P Tampubolon, "E-Wallet as a Payment Instrument in The Millennial Era." *IOP Conference Series: Materials Science and Engineering* 879 (2020), <https://doi:10.1088/1757-899X/879/1/012139>

payment system service providers. This role positions Bank Indonesia as a regulator, facilitator, and catalyst in the development of the national payment system. In general, regulations related to the payment system in Indonesia are formulated through various provisions issued by Bank Indonesia. In general, regulations governing the payment system in Indonesia, which are formulated in various provisions issued by Bank Indonesia, include:⁴⁵

- 1) The scope of authority and responsibilities of payment service providers, including risk management aspects;
- 2) The types of payment system services provided and the approval procedures that must be fulfilled;
- 3) Security and efficiency standards that must be implemented in the operational delivery of payment system services;
- 4) The obligation of payment service providers to report their activities, along with the types of reports and procedures for submitting them;
- 5) The types and security requirements of payment instruments that are legally used in Indonesia, including electronic payment instruments such as *Automated Teller Machine* (ATM) cards, debit cards, credit cards, prepaid cards, and electronic cards; and
- 6) Penalties imposed on parties that violate the provisions set by Bank Indonesia.

The protection of consumers of payment system services, including digital wallets, is a crucial issue in the development of digital-based payment system businesses. Therefore, in addition to regulating institutional aspects and implementation mechanisms, Bank Indonesia also establishes provisions regarding consumer protection and supervises the implementation of these provisions.⁴⁶ *The Bank for International Settlements* (BIS) in its publication entitled "*Central Bank Oversight of Payment and Settlement Systems*" defines the supervision of payment systems as one of the functions of central banks aimed at ensuring the security and efficiency of payment system implementation. Oversight is carried out through continuous monitoring of the system and through *assessment* of the organizers at the planning stage, by assessing the extent to which services are in line with these objectives, while encouraging necessary changes in the payment system. This oversight is very important in order to anticipate potential operational failures of the payment system that may be caused by external factors, network effects, or monopolistic practices.⁴⁷

With the enactment of Law Number 4 of 2023 concerning the Development and Strengthening of the Financial Sector, hereinafter referred to as the P2SK Law, consumer protection has become one of Bank Indonesia's priorities. As the monetary authority, Bank Indonesia also plays a role in protecting consumers of *fintech* services supervised by Bank Indonesia, as stipulated in the provisions of Bank Indonesia Regulation Number 3 of 2023 concerning Bank Indonesia Consumer Protection.

Bank Indonesia (BI) and the Financial Services Authority (OJK) are both independent state institutions that aim to maintain financial system stability. However, their authorities differ.

⁴⁵ Al Karimatus Sa'idah, *et al.*, "Sistem Pembayaran di Indonesia," *Multidisciplinary Science Journal* 2, no. 6 (2024): 534, <https://doi.org/10.59435/gimi.v2i6.607>.

⁴⁶ Damasha Khoiri Cevalda and Dona Budi Kharisma, "Perlindungan Hukum Terhadap Nasabah Dompot Digital oleh Bank Indonesia," *Private Law* 9, no. 1 (2021): 3, DOI: <https://doi.org/10.20961/privat.v9i1.41483>.

⁴⁷ Nindi Anindya Putri, "Pelaksanaan Penggunaan Quick Response Code (Kode QR) untuk Sistem Pembayaran Berdasarkan Peraturan Anggota Dewan Gubernur Nomor 21/18/PADG/2019 Tentang Implementasi Standar Nasional Quick Response Code untuk Pembayaran di Kota Semarang," (Thesis, Faculty of Law, Semarang State University, 2020), 63–64.

BI has the authority to regulate and supervise the implementation of payment systems, including debit cards, credit cards, electronic money, and QRIS as well as BI *Fast*. Meanwhile, OJK has the authority to regulate and supervise banking, insurance, financing, and pension funds, based on Financial Services Authority Regulation No. 22 of 2023 concerning Consumer and Public Protection in the Financial Services Sector.⁴⁸

Article 234 of the P2SK Law stipulates that:

"The financial sector authority shall supervise *market conduct* to ensure that financial sector business actors (PUSK) implement consumer and public protection provisions directly and/or indirectly in accordance with the functions, duties, and authorities of the financial sector authority as granted by law."

The definition of *market conduct* supervision as stipulated in Article 1 point 41 of the P2SK Law is the supervision of the behavior of PUSK in designing, providing and conveying information, offering, drafting agreements, providing services for the use of products and/or services, as well as handling complaints and resolving disputes in an effort to realize consumer protection.

As mandated by the P2SK Law, it is necessary to strengthen the functions of regulation, *market conduct* supervision, complaint handling and dispute resolution, education, and synergy with relevant authorities in the context of consumer protection in the financial sector. Referring to the provisions of Law Number 4 of 2023 concerning the Development and Strengthening of the Financial Sector (P2SK Law), there are 9 (nine) main points of the amendment to the Bank Indonesia Regulation on Bank Indonesia Consumer Protection, which include:⁴⁹

1) Adjustment of general provisions

Changing the definitions of consumers, payment systems, money markets, foreign exchange markets, and adding definitions of standard agreements in accordance with the P2SK Law and Bank Indonesia Regulation on Payment Service Providers (PBI PJP). Adjusting the scope of organizers with PBI PJP.

2) Adjustment of the scope of operators

Adjusting the scope of payment system operators with an *activity-based* approach in accordance with Bank Indonesia Regulation on Payment Systems (PBI SP).

3) Development of consumer protection principles

Adjusting consumer protection principles in accordance with the P2SK Law and *updates from the G20/OECD HLP on Financial Consumer Protection* by adding a new principle, namely operator compliance.

4) Addition of rights and obligations of operators and consumers

Regulating the rights and obligations of consumers and operators, and ensuring that operators provide education to consumers regarding their rights and obligations.

5) Addition of provisions on complaint handling

In the event of a dispute through an alternative dispute resolution institution, the obligation of operators to become members of the alternative dispute resolution institution.

6) Reporting

Adding provisions on reporting mechanisms in accordance with Bank Indonesia regulations on reporting.

⁴⁸ Bank Indonesia, Sosialisasi Digitalisasi dan Pelindungan Konsumen Sistem Pembayaran, Makassar, June 5, 2024.

⁴⁹ Interview with Edy Kristianto, Head of the Payment System and Rupiah Management Division of the Bank Indonesia Representative Office in South Sulawesi Province, on October 30, 2024.

7) Supervision

Strengthening of supervision regulations, including Bank Indonesia's authority to issue orders and take action.

8) Coordination

Strengthening coordination with Authorities, Ministries/Agencies, Associations, and Organizers, including the Attorney General's Office and the Police in handling consumer protection.

Supervision of payment systems is aimed at ensuring the achievement of payment system objectives while encouraging innovation in the payment system industry and taking into account international standards and practices. Based on the provisions of Article 227 of Bank Indonesia Regulation Number 23/6/PBI/2021 concerning Payment Service Providers, Bank Indonesia supervises the operation of payment systems using a risk-based and/or compliance-based supervisory approach.

Payment service providers (PSPs) are divided into three (3) license categories. Digital wallets as category 1 (one) PSPs can carry out activities such as fund management, provision of fund information, *payment initiation* and/or *acquiring services*, and remittance services. Thus, Bank Indonesia has the authority to supervise the GoPay, OVO, and DANA digital wallets. In recent years, digital wallet (*e-wallet*) services have experienced rapid growth and have become an important part of people's lives, whether for daily transactions, *online* payments, or various other financial services. The use of digital wallets is projected to continue, as reported by RedSeer, which estimates that the value of e-wallet transactions in Indonesia will reach US\$70.1 billion by 2025.⁵⁰ Thus, the supervision of digital wallet services as one of the payment service providers is essential to maintain the stability of the payment system and protect digital wallet consumers.

The scope of supervision carried out by Bank Indonesia on the objects of supervision includes an evaluation of risk exposure, including compliance with applicable laws and regulations, the implementation of governance and risk management, and other aspects determined by Bank Indonesia as stipulated in PBI 23/6/PBI/2021. Bank Indonesia supervises operators through both direct and indirect supervision methods. In conducting supervision, Bank Indonesia has the authority to request documents, data, information, details, and/or explanations from operators. Supervision of operators' conduct in carrying out their business aims to ensure that operators apply consumer protection principles in every stage of their business activities, as well as to empower consumers to understand and be able to carry out their obligations and exercise their rights in their dealings with operators.⁵¹

Indirect supervision by Bank Indonesia is carried out through research, analysis, and evaluation of reports, results of *self-assessments* by operators, documents, data, information, statements, and explanations from operators or other sources. Periodic reports include daily reports, weekly reports, monthly reports, quarterly reports, and annual reports, and/or reports on the results of information system audits by independent auditors. Meanwhile, direct supervision is carried out through periodic inspections, in the form of annual supervision and/or at any time when necessary, as regulated in Regulation of the Board of Governors Number 20 of 2023 concerning Procedures for the Implementation of

⁵⁰ Mega Diva and Mochammad Isa Anshori, "Penggunaan E-Wallet Sebagai Inovasi Transaksi Digital: Literatur Review," *Multiple Journal of Global and Multidisciplinary* 2, no. 6, (2024): 2000.

⁵¹ Article 62 paragraph (2) of Governor's Regulation Number 20 of 2023 concerning Procedures for the Implementation of Bank Indonesia Consumer Protection.

Bank Indonesia Consumer Protection. The implementation of supervision of the behavior of organizers includes activities carried out by organizers at the following stages:⁵²

- a. Pre-sale, in the form of product design, contract terms and costs, and other activities at the pre-sale stage.
- b. Sales, in the form of sales and marketing activities, incentives and remuneration, training and competency improvement, and other activities at the sales stage.
- c. Post-sale activities, such as changes or discontinuation of products and/or services, handling and resolution of consumer complaints, and other activities in the post-sale stage.

In line with this, the organizer is obliged to submit documents, data, information, statements, and/or explanations upon request from Bank Indonesia. Organizers who do not fulfill their obligations will be subject to administrative sanctions in the form of: ⁵³

- 1) Written warning;
- 2) Restriction of products and/or services and/or business activities in part or in whole;
- 3) Freezing of products and/or services and/or business activities in part or in whole;
- 4) Dismissal of management;
- 5) Administrative fines;
- 6) Revocation of product and/or service licenses; and/or
- 7) Revocation of business licenses.

In imposing administrative sanctions on operators, Bank Indonesia considers various factors, including the level of error and/or violation committed, as well as the impact on the smooth running and security of the payment system, consumer protection, prevention of money laundering and terrorist financing, and/or other aspects determined by Bank Indonesia. Organizers who carry out their business activities in violation of consumer protection provisions will be subject to administrative sanctions by Bank Indonesia. Based on the provisions of Article 64 paragraph (1) of Governor's Regulation Number 20 of 2023 concerning Procedures for the Implementation of Bank Indonesia Consumer Protection, organizers who violate provisions regarding consumer protection will be subject to administrative sanctions, in the form of:

- a. Written warning;
- b. Restriction of products, services, and/or business activities in part or in whole;
- c. Freezing of products, services, and/or business activities in part or in whole;
- d. Dismissal of management;
- e. Administrative fines;
- f. Revocation of product and/or service licenses;
- g. Revocation of business licenses.

A written warning is delivered by letter from Bank Indonesia to the organizer. In the event that after being subject to a written warning, the organizer still fails to fulfill its obligations in enforcing consumer protection principles, the organizer may be subject to sanctions in the form of:

- a. Restriction of products and/or services and/or business activities in part or in whole;

⁵² Article 63 of Bank Indonesia Governor Regulation No. 20 of 2023 concerning Procedures for Implementing Bank Indonesia Consumer Protection.

⁵³ Article 59 of Bank Indonesia Regulation No. 3 of 2023 concerning Bank Indonesia Consumer Protection.

- b. Freezing of products and/or services and/or business activities in part or in whole;
- c. Dismissal of management;
- d. Administrative fines;
- e. Revocation of product and/or service licenses; and/or
- f. Revocation of business licenses.

If there are violations by operators that have a significant impact on consumers, Bank Indonesia has the authority to impose administrative sanctions without prior written warning. Examples of violations that have a significant impact include those that take into account indicators such as the number of customers affected and/or the total value of losses incurred.⁵⁴

In order to disseminate information about PBI 3/2023 on Consumer Protection, since 2023, the Bank Indonesia Representative Office in South Sulawesi Province has been conducting outreach and education programs for the community in several regencies/cities in conjunction with work programs to expand the acceptance of digital transactions and consumer protection education.⁵⁵ Bank Indonesia also requires digital wallet providers to implement education programs aimed at improving consumer and/or public literacy. This obligation includes the provision of educational functions that are carried out in a planned, measurable, and sustainable manner. The form of education can be in the form of socialization with formats, media, themes, and frequencies tailored to the needs of each operator, either through face-to-face meetings or the distribution of educational materials through print, electronic, and social media.

Under the provisions of Article 243 of PBI 23/6/PBI/2021, Bank Indonesia has the authority to evaluate the licenses that have been granted to digital wallet operators as category 1 (one) payment service providers (PJP). The evaluation is carried out periodically every 3 (three) years from the date of issuance of the license by Bank Indonesia, with considerations that include the results of Bank Indonesia's supervision, corporate activities carried out by PJP, permit extension requests if Bank Indonesia has set a permit period, recommendations from other authorities, court decisions that have permanent legal force, PJP requests to cease activities, and other factors relevant to creating a fast, easy, inexpensive, safe, and reliable payment system.

The evaluation is conducted to ensure that the provision of supporting services continues to support the implementation of secure, efficient, smooth, and reliable payment transactions with due regard to consumer protection aspects. The license evaluation may be taken into consideration by Bank Indonesia's Directorate of Payment Systems in shortening or extending the license period if the license is granted for a specific period, revoking the payment service provider's license, or ensuring the continuity of the payment service provider's operations.⁵⁶ In supervising digital wallet services as part of the payment system, Bank Indonesia is responsible for ensuring that the public receives efficient, reliable, and secure services. This supervision is necessary to maintain the stability of the payment system, guarantee security, protect consumers, and ensure that digital wallet

⁵⁴ Explanation of Article 64 paragraph (6) of Regulation of the Board of Governors Number 20 of 2023 concerning Procedures for Implementing Bank Indonesia Consumer Protection.

⁵⁵ Interview with Edy Kristianto, Head of the Payment System and Rupiah Management Division of the Bank Indonesia Representative Office in South Sulawesi Province, on October 30, 2024.

⁵⁶ Article 243 of Bank Indonesia Regulation Number 23/6/PBI/2021 concerning Payment Service Providers.

providers operate in accordance with applicable regulations.

4. Conclusion

Based on the research findings, it can be concluded that legal protection for digital wallet users who experience a reduction in their balance due to unverified transactions has not been optimally implemented. Legally, unverified transactions are an indication of a failure in the security and internal control systems of payment service providers, so that providers should be responsible for the losses suffered by consumers. Although digital wallet providers have provided complaint mechanisms and loss compensation schemes, settlement practices that still depend on proving consumer error tend to place consumers in a weak position and do not provide legal certainty. On the other hand, Bank Indonesia, as the payment system authority, has carried out its consumer protection and oversight functions through direct and indirect supervision, complaint handling, education, and facilitation. However, these roles are still preventive and administrative in nature and do not fully guarantee the recovery of consumer losses. Therefore, in line with the increasing use of digital wallets, the implementation of Bank Indonesia Regulation Number 3 of 2023 concerning Bank Indonesia Consumer Protection needs to be optimized through the affirmation of transaction verification standards, clarity of legal responsibility sharing, and strengthening of effective loss recovery mechanisms in order to realize a digital payment system that is safe, reliable, and provides legal certainty and fair protection for users.

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