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Analysis of Consumer Dispute Resolution Through the Consumer Dispute Resolution Board (BPSK)

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ABSTRACT

The increase in trade in goods and services, including digital transactions, has heightened the potential for disputes between consumers and businesses. The Consumer Dispute Resolution Agency (BPSK) was established as an out-of-court dispute resolution mechanism expected to provide swift, simple, and low-cost resolutions. This study aims to analyze the consumer dispute resolution mechanism through the BPSK, identify obstacles in its implementation, and evaluate its effectiveness in providing legal protection to consumers. The study employs a normative legal research method using regulatory, conceptual, and case-based approaches, analyzed qualitatively. The results of the study indicate that the BPSK plays a strategic role in consumer dispute resolution; however, its effectiveness is still hampered by overlapping jurisdictions, weak enforcement of decisions, limited resources, and a lack of public understanding. Therefore, strengthening the regulations, institutional framework, and capacity of the BPSK is necessary so that legal protection for consumers can be realized more effectively.

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1. INTRODUCTION

The trade in goods and services in Indonesia has experienced rapid growth in tandem with advances in information technology, the digitalization of the economy, and the rise in transactions conducted through e-commerce. While these developments have had a positive impact on national economic growth, they have also increased the potential for disputes between businesses and consumers. Consumer disputes can arise due to various factors, such as discrepancies in the quality of goods or services, breach of contract, misleading information, standard clauses that are detrimental to consumers, and unfair trade practices. In a country governed by the rule of law, the existence of a dispute resolution mechanism that is swift, simple, affordable, and fair is essential to providing legal protection for consumers, who are generally in a weaker position compared to businesses.

To implement legal protection for consumers, the Indonesian government established the Consumer Dispute Resolution Agency (BPSK) through Law No. 8 of 1999 on Consumer Protection. The BPSK is authorized to resolve consumer disputes out of court through mediation, conciliation, and arbitration. The BPSK is expected to serve as a more effective alternative dispute resolution (ADR) mechanism compared to litigation, which tends to be more time-consuming, costly, and procedurally complex. In addition to resolving disputes, the BPSK also plays a role in providing legal education to the public regarding the rights and obligations of consumers and businesses.

In practice, the effectiveness of dispute resolution through the BPSK still faces various challenges. It is not uncommon for BPSK decisions to be appealed to the District Court, thereby prolonging the dispute resolution process. Furthermore, there remain differences in interpretation regarding the BPSK's absolute authority, the legal force of its decisions, the scope of disputes it can hear, and the enforcement of its decisions, which often faces obstacles. In some regions, there are also limitations in human resources, operational budgets, and a low level of public understanding of the BPSK's functions.

These conditions indicate that the BPSK, as an alternative dispute resolution institution, has not yet been fully able to realize the principles of simplicity, speed, and affordability as expected in Indonesia's consumer protection system. These issues become even more relevant when considered in light of the increasing complexity of digital transactions, which involve various new forms of legal relationships between consumers and businesses. Disputes no longer arise solely from conventional transactions but also encompass electronic transactions, digital services, marketplaces, financial technology, and various digital platform-based business models. This complexity calls for a more comprehensive analysis of the effectiveness of consumer dispute resolution through the BPSK in light of the evolving dynamics of consumer protection law in the digital age.

Numerous studies on consumer dispute resolution through the BPSK have been conducted by various academics. Most of these studies address normative aspects regarding the legal status of the BPSK within the Indonesian judicial system, the BPSK's authority under the Consumer Protection Law, and dispute resolution mechanisms through mediation, conciliation, and arbitration. Other studies highlight the enforcement of BPSK decisions, obstacles to enforcement, and the relationship between the BPSK's authority and that of the District Courts. Additionally, there are studies examining legal protection for consumers based on the principles of justice, legal certainty, and the public interest. However, previous studies still exhibit several limitations. First, most research has focused on normative analysis of statutory provisions without evaluating the effectiveness of dispute resolution implementation in practice. Second, previous studies generally only identified obstacles to the BPSK's operations without integrating an analysis of evolving consumer dispute patterns resulting from digital transformation. Third, there is still relatively little research linking the effectiveness of the BPSK dispute resolution mechanism to indicators of access to justice, legal certainty, the efficiency of dispute resolution, and the comprehensive protection of consumer rights. Thus, there is still room for further research to provide a more comprehensive picture of how to optimize the role of the BPSK within the national consumer protection system.

Theoretically, this study draws on the theory of legal protection, which positions the state as the party obligated to protect the rights of the public through the establishment of effective legal instruments. In addition, this study also employs the theory of justice, which emphasizes the importance of balancing the rights and obligations of consumers and businesses, as well as the theory of Alternative Dispute Resolution (ADR), which prioritizes the peaceful, efficient, and interest-based resolution of disputes. These three theories serve as the conceptual foundation for analyzing how the BPSK fulfills its legal protection function while providing access to fair dispute resolution. Based on this discussion, this study offers a novel contribution in the form of a comprehensive analysis of the effectiveness of consumer dispute resolution through the BPSK by integrating normative, implementation-related, and developmental aspects of consumer disputes in the digital economy era. This study not only analyzes the legal basis and authority of the BPSK but also evaluates the effectiveness of dispute resolution mechanisms based on the principles of legal certainty, justice, utility, access to justice, and the challenges arising from digital transformation. Thus, this study is expected to produce a more comprehensive analytical model compared to previous studies, which tended to be partial in nature.

The purpose of this study is to analyze the mechanism for resolving consumer disputes through the Consumer Dispute Resolution Agency (BPSK), identify various obstacles faced in the exercise of the BPSK's authority, and evaluate the effectiveness of consumer dispute resolution in providing legal protection for consumers. In addition, this study also aims to formulate recommendations for strengthening the BPSK's institutional capacity so that it can address the challenges of consumer dispute resolution in the digital age more effectively, efficiently, and fairly. Theoretically, this study is expected to contribute to the development of legal scholarship, particularly in the fields of consumer protection law and alternative dispute resolution. This study is also expected to enrich the discussion on the effectiveness of implementing the Consumer Protection Act in ensuring legal certainty and justice for the public. Practically, the findings of this study are expected to serve as a basis for evaluation by the government, the BPSK, businesses, academics, and the public in improving the quality of consumer dispute resolution. Furthermore, the resulting recommendations can serve as a basis for formulating policies to strengthen the BPSK's institutional framework, enhance human resource capacity, clarify the agency's authority, and optimize consumer dispute resolution that is adaptable to technological advancements and the digital economy.

Based on this conceptual framework, the hypothesis of this study is that the effectiveness of consumer dispute resolution through the Consumer Dispute Resolution Agency is influenced by the clarity of institutional authority, the quality of the implementation of dispute resolution mechanisms, human resource capacity, the public's level of legal awareness, and regulatory support capable of accommodating the development of digital transactions. The more effectively the BPSK performs its functions, the higher the level of legal protection, legal certainty, and access to justice that consumers receive in resolving disputes with businesses.

2. RESEARCH METHOD

This study employs a normative legal research method using the statutory approach, the conceptual approach, and the case approach. The statutory approach was used to examine the legal provisions governing consumer dispute resolution, specifically Law No. 8 of 1999 on Consumer Protection and its implementing regulations related to the Consumer Dispute Resolution Agency (BPSK). The conceptual approach involves an analysis of legal protection theory, justice theory, and the concept of Alternative Dispute Resolution (ADR) as a foundation for assessing the effectiveness of consumer dispute resolution. Meanwhile, a case-study approach was used to analyze BPSK decisions as well as court rulings related to appeals against BPSK decisions in order to gain insight into the implementation of the institution's authority and its effectiveness. The data used consists of primary, secondary, and tertiary legal sources obtained through a literature review. All data were analyzed qualitatively using descriptive-analytical techniques through the stages of inventory, classification, interpretation, and deductive reasoning to answer the research questions.

3. RESULTS AND DISCUSSIONS

3.1. Analysis of the Legal Framework Governing Consumer Dispute Resolution through the Consumer Dispute Settlement Agency (BPSK)

Legal protection for consumers in Indonesia is firmly established through Law No. 8 of 1999 on Consumer Protection (Consumer Protection Law/UUPK). The enactment of this law reflects the government's commitment to creating a more balanced legal relationship between business actors and consumers, which had previously been characterized by significant disparities in bargaining power. Prior to the implementation of the Consumer Protection Law, consumer disputes were predominantly resolved through litigation in the general courts, a process that was often lengthy, costly, and procedurally complex. To address these limitations, the Consumer Protection Law introduced the Consumer Dispute Settlement Agency (Badan Penyelesaian Sengketa Konsumen/BPSK) as an alternative dispute resolution (ADR) institution designed to provide greater access to justice through a dispute settlement mechanism that is simple, expeditious, and affordable.

Normatively, the legal framework governing BPSK is stipulated in Chapter XI of the Consumer Protection Law, particularly Articles 49 to 58. These provisions regulate the establishment of BPSK, its organizational structure, membership composition, authority, dispute resolution procedures, and the implementation of its decisions. BPSK is established by local governments and consists of representatives from government institutions, business actors, and consumer organizations. This tripartite composition reflects the legislature's intention to ensure a balanced representation of interests in consumer dispute resolution. Consequently, BPSK decisions are expected not only to uphold legal certainty but also to accommodate the principles of justice and public benefit for all parties involved.

From an institutional perspective, BPSK occupies the position of a quasi-judicial body. Although it operates outside the formal judicial system established under the Judicial Power Law, BPSK is authorized to examine, adjudicate, and resolve consumer disputes. This quasi-judicial character distinguishes BPSK from ordinary mediation institutions because its dispute resolution process may culminate in legally binding decisions. Nevertheless, this institutional status has generated considerable debate regarding the scope of BPSK's jurisdiction, particularly when its decisions are challenged before the District Court or when disputes involve issues of contractual default (wanprestasi) and tortious liability. Judicial practice demonstrates that differing interpretations regarding the extent of BPSK's authority have created legal uncertainty in its implementation.

The authority of BPSK extends beyond the settlement of disputes between consumers and business actors. It also encompasses the supervision of standard contract clauses, the provision of consumer protection consultations, the receipt of public complaints, and the issuance of recommendations to competent authorities upon identifying violations of consumer protection regulations. These extensive powers indicate that BPSK functions not only as a dispute resolution forum but also as a preventive mechanism for fostering a culture of consumer protection. However, this study finds that the implementation of these functions has not yet reached its full potential due to limitations in human resources, inadequate financial support, and the unequal distribution of BPSK institutions across regions in Indonesia.

Consumer disputes before BPSK may be resolved through three alternative mechanisms: mediation, conciliation, and arbitration. In mediation, the BPSK panel serves as a neutral facilitator assisting the parties in reaching a voluntary settlement without issuing a binding decision. Conciliation allows the panel to take a more active role by proposing possible settlement options, while the final agreement remains subject to the parties' mutual consent. In contrast, arbitration authorizes the panel to examine legal facts, assess evidence, and render a decision that is binding upon the parties. The availability of these three mechanisms demonstrates the flexibility of the consumer dispute resolution system, enabling procedures to be adapted according to the nature and complexity of each dispute.

The findings indicate that, from a normative perspective, the legal framework governing BPSK provides an adequate legal basis for the non-litigation settlement of consumer disputes. Nevertheless, the effectiveness of this regulatory framework continues to face several challenges, including overlapping jurisdiction with the general courts, the absence of an optimal mechanism for enforcing BPSK decisions, and the lack of regulatory harmonization with the rapid development of electronic commerce and the digital economy. Therefore, regulatory reform is necessary to strengthen the legal framework by clarifying BPSK's jurisdiction, enhancing the legal certainty of its decisions, and adapting existing legal norms to the evolving legal relationships between consumers and business actors in the digital era. Such reforms are essential to ensure that the objectives of consumer protection envisioned by the Consumer Protection Law can be achieved more effectively.

3.2. Implementation of Consumer Dispute Resolution through the Consumer Dispute Settlement Agency (BPSK)

The Consumer Dispute Settlement Agency (Badan Penyelesaian Sengketa Konsumen/BPSK) was established under Law No. 8 of 1999 on Consumer Protection (Consumer Protection Law/UUPK) to provide consumers with an accessible dispute resolution mechanism that is simple, expeditious, and affordable. In carrying out its functions, BPSK is authorized to resolve consumer disputes through mediation, conciliation, and arbitration. The decisions rendered by BPSK serve as an important indicator in assessing the effectiveness of legal protection afforded to consumers. An analysis of various BPSK decisions demonstrates that the majority of disputes involve consumer financing, motor vehicle transactions, banking services, electronic commerce, housing, and other service sectors. These disputes generally arise from breaches of contractual obligations by business actors, the use of unfair standard contract clauses, unilateral repossession of financed assets, defective products, and discrepancies between the goods or services promised and those actually received by consumers.

In practice, BPSK decisions generally contain several forms of rulings, including granting all or part of the consumer's claims, dismissing claims that lack sufficient evidence, ordering business actors to compensate consumers for losses incurred, requiring the return of goods or payments, declaring certain standard contract clauses null and void, and instructing business actors to cease practices that are detrimental to consumers. Although numerous BPSK decisions demonstrate comprehensive legal reasoning by referring to the Consumer Protection Law, the Indonesian Civil Code, and other relevant sectoral regulations, many decisions provide only brief legal considerations. This often results in multiple interpretations when such decisions are challenged before the District Court, thereby reducing legal certainty.

Another recurring issue concerns the limits of BPSK's absolute jurisdiction. In several instances, BPSK has adjudicated disputes that are more appropriately classified as pure contractual disputes arising from civil agreements rather than consumer protection disputes. Such circumstances have led many BPSK decisions to be annulled by the District Courts or the Supreme Court on the grounds that BPSK exceeded the authority granted under the Consumer Protection Law. Furthermore, the consistency of decisions among BPSK offices across different regions remains inadequate. Differences in the interpretation and application of consumer protection principles have resulted in varying outcomes for disputes with substantially similar characteristics. This inconsistency undermines legal certainty and reduces public confidence in the institution.

The effectiveness of consumer dispute resolution through BPSK can be evaluated using several indicators, including the speed of dispute settlement, the costs incurred by the parties, public accessibility, compliance with decisions, and the level of satisfaction among disputing parties. Normatively, BPSK was designed as an alternative dispute resolution (ADR) mechanism that is considerably simpler than conventional court proceedings. Consumers are not required to be represented by legal counsel, resulting in relatively low dispute resolution costs. The examination procedures are also less formal, allowing disputes to be resolved more efficiently than through litigation in the general courts. Consequently, BPSK provides significant benefits, particularly for economically disadvantaged consumers who seek legal remedies without facing lengthy and expensive judicial procedures. By offering an accessible and affordable mechanism, BPSK contributes to enhancing access to justice for consumers.

Despite these advantages, the practical effectiveness of BPSK remains less than optimal. One indication is the substantial number of BPSK decisions that are subsequently challenged before the District Courts. This trend suggests that many business actors do not regard BPSK decisions as the final resolution of disputes. Moreover, voluntary compliance with BPSK decisions remains relatively low. Numerous business actors fail to implement the contents of the decisions, compelling consumers to initiate further legal proceedings before the courts. As a result, the primary objective of establishing BPSK—to provide prompt and efficient dispute resolution—has not been fully achieved. Institutional factors also contribute to this situation. Not every regency or municipality has an active BPSK, while existing institutions frequently face shortages of qualified personnel, inadequate operational budgets, limited facilities, and insufficient administrative support. These constraints directly affect the quality and effectiveness of services provided to the public.

The enforcement of BPSK decisions constitutes the most critical stage in ensuring effective legal protection for consumers. However, various obstacles continue to impede the implementation of decisions that have already acquired legal force. One of the principal challenges lies in the ambiguity of the legal provisions governing the executory force of BPSK decisions. Although the Consumer Protection Law stipulates that arbitral awards issued by BPSK are final and binding, the availability of an objection mechanism before the District Court creates uncertainty regarding the finality of such decisions. Furthermore, the procedures for enforcing BPSK decisions through the District Courts have not been comprehensively regulated, resulting in inconsistent implementation practices across different jurisdictions.

Institutional limitations also hinder the execution of BPSK decisions. Many BPSK offices continue to experience shortages of qualified personnel, financial resources, supporting facilities, and administrative capacity. These limitations contribute to delays in administrative processes, inadequate monitoring of decision enforcement, and suboptimal public services. Coordination among BPSK, the District Courts, local governments, relevant ministries, and law enforcement agencies also remains insufficient, frequently leading to administrative obstacles during the enforcement process. In practice, many business actors intentionally file objections before the District Courts as a strategy to postpone the implementation of BPSK decisions. Others simply refuse to comply voluntarily because they perceive BPSK's authority as limited or consider its decisions to lack sufficient executory power.

In disputes involving consumer financing companies, additional challenges arise from differing interpretations regarding the legal relationship between consumer protection law and financing contract law. Consumers themselves often possess limited legal knowledge, inadequate financial resources, and restricted access to legal assistance. Consequently, even after obtaining a favorable BPSK decision, many consumers remain unfamiliar with the legal procedures required to request judicial enforcement when business actors fail to comply voluntarily. These practical constraints demonstrate that strengthening the institutional capacity of BPSK, clarifying its legal authority, and improving the enforcement mechanism are essential to enhancing the effectiveness of consumer dispute resolution and ensuring stronger legal protection for consumers.

3.3. Analysis of Legal Protection for Consumers in Consumer Dispute Resolution

Legal certainty constitutes one of the fundamental objectives of every legal system, ensuring that all individuals receive equal treatment before the law. Within the context of consumer protection, legal certainty is reflected in the existence of clear legal provisions governing the rights and obligations of both consumers and business actors, as well as established procedures for resolving consumer disputes.

In Indonesia, legal certainty in consumer protection is primarily guaranteed through Law No. 8 of 1999 on Consumer Protection (Consumer Protection Law/UUPK), which provides the legal foundation for resolving consumer disputes through both litigation and non-litigation mechanisms. The Consumer Protection Law grants consumers who suffer losses the right to seek dispute resolution either before the courts or through the Consumer Dispute Settlement Agency (Badan Penyelesaian Sengketa Konsumen/BPSK). This regulatory framework provides certainty regarding the competent authority, applicable dispute resolution procedures, and the forms of decisions that may be issued. Furthermore, the establishment of BPSK offers a more accessible and simplified alternative to conventional court proceedings.

Nevertheless, practical implementation continues to reveal several challenges that undermine legal certainty. One of the most significant issues is the differing interpretations regarding the jurisdiction of BPSK in examining and deciding consumer disputes. A considerable number of BPSK decisions have subsequently been annulled through the objection mechanism before the District Courts, creating uncertainty for consumers regarding the legal force and enforceability of those decisions. In addition, the absence of standardized procedural guidelines among BPSK offices across different regions has resulted in inconsistent decisions in cases with substantially similar characteristics. Such inconsistencies diminish predictability and weaken public confidence in the consumer dispute resolution system. Therefore, strengthening legal certainty requires comprehensive regulatory harmonization, clearer delineation of BPSK's jurisdiction, continuous enhancement of institutional capacity and human resources, and consistent application of consumer protection laws by judicial and administrative authorities. These measures are essential to ensure that legal protection for consumers can be implemented more effectively while providing greater legal assurance in safeguarding consumer rights.

Justice represents another fundamental objective of the legal system and serves as a guiding principle in consumer protection. The relationship between consumers and business actors is frequently characterized by an imbalance in bargaining power, as business actors generally possess greater access to information, financial resources, and economic influence. Consequently, consumer protection law seeks to restore equilibrium by safeguarding the rights and legitimate interests of consumers. The principle of justice in consumer dispute resolution is reflected in providing equal opportunities for both parties to present arguments, submit evidence, and obtain impartial decisions based on objective legal considerations. As an alternative dispute resolution institution, BPSK plays a crucial role in promoting justice by offering dispute settlement procedures that are simpler, faster, and more responsive to the interests of both consumers and business actors through mediation, conciliation, and arbitration.

Despite these objectives, the realization of substantive justice remains imperfect in practice. In many disputes, consumers encounter significant difficulties in proving the losses they have suffered because relevant documents and information are often controlled by business actors. Conversely, business actors usually possess greater legal expertise, financial resources, and professional representation, thereby creating an imbalance throughout the dispute resolution process. Accordingly, the principle of justice should be implemented by providing greater legal protection to the weaker party without disregarding the legitimate rights of business actors. Judges and BPSK panel members must apply the principle of justice proportionately by carefully considering the facts of the case, available evidence, and the overarching objectives of consumer protection as stipulated in the Consumer Protection Law. Such an approach ensures that dispute resolution not only complies with legal norms but also reflects substantive fairness for all parties involved.

In addition to legal certainty and justice, the law must also fulfill the principle of utility by delivering tangible benefits to society. Within the framework of consumer dispute resolution, utility refers to the ability of the legal system to provide solutions that are efficient, accessible, affordable, and effective so that consumers' rights can be restored without requiring them to undergo complicated and time-consuming judicial procedures. The establishment of BPSK represents a practical manifestation of this principle by providing an alternative dispute resolution mechanism designed to meet these objectives. Compared with litigation before the general courts, dispute resolution through BPSK involves relatively low costs, shorter proceedings, and more flexible procedures. These characteristics are particularly beneficial for consumers whose financial losses are relatively modest and would not justify the expense and duration of formal litigation. At the same time, non-litigation dispute resolution also benefits business actors by facilitating amicable settlements without unnecessarily damaging commercial relationships with consumers. Successful mediation or conciliation can produce mutually beneficial agreements that satisfy both parties while preserving the reputation and long-term interests of business actors.

However, these benefits have not yet been fully realized by society. Public awareness regarding the existence, functions, and authority of BPSK remains relatively limited, reducing the utilization of the institution as an effective dispute resolution mechanism. Furthermore, the unequal distribution of BPSK offices across various regions restricts access to justice for many consumers, particularly those residing in areas where no active BPSK has been established. Consequently, the government should intensify public legal education concerning consumer rights and dispute resolution mechanisms, expand the establishment of BPSK throughout all regions of Indonesia, and strengthen institutional support through adequate financial resources, infrastructure, and professional human capital. These initiatives are indispensable for maximizing the effectiveness of consumer protection and ensuring that the benefits of legal protection can be enjoyed equitably by all consumers.

3.4. Model for Strengthening Consumer Dispute Resolution through the Consumer Dispute Settlement Agency (BPSK)

The Consumer Dispute Settlement Agency (Badan Penyelesaian Sengketa Konsumen/BPSK) serves as one of the principal institutions responsible for providing legal protection to consumers through non-litigation dispute resolution. However, more than two decades after the enactment of Law No. 8 of 1999 on Consumer Protection (Consumer Protection Law/UUPK), significant developments in commercial transactions, particularly the rapid expansion of electronic commerce (e-commerce) and the digital economy, have demonstrated that the existing legal framework governing BPSK is no longer fully capable of addressing contemporary consumer protection challenges. Consequently, regulatory reform has become a strategic necessity to enhance the effectiveness of consumer dispute resolution while ensuring that consumer protection legislation remains responsive to technological innovation and evolving business practices. Beyond regulatory reform, the effectiveness of consumer dispute resolution largely depends on the institutional capacity of BPSK. Various institutional challenges continue to impede its performance, including limited operational funding, inadequate facilities and infrastructure, shortages of qualified personnel, and the uneven establishment of BPSK offices throughout Indonesia. Addressing these deficiencies requires a comprehensive institutional strengthening strategy.

First, the quality of human resources should be continuously enhanced through specialized education and professional training. Members of BPSK should receive regular training in consumer protection law, mediation techniques, arbitration procedures, electronic dispute resolution, digital business law, and emerging information technologies. Strengthening professional competence will improve the quality of legal reasoning in BPSK decisions and increase public confidence in the institution. Second, the government should strengthen financial support for BPSK's operational activities. Many BPSK offices encounter significant difficulties in performing their statutory duties due to insufficient budget allocations, resulting in suboptimal public services. Adequate funding would enable improvements in administrative services, hearing facilities, digital case management systems, and human resource development, thereby increasing institutional efficiency and service quality.

Third, a nationally standardized institutional framework should be established. At present, considerable variations exist in the governance and operational practices of BPSK across different regions. Standardization should encompass organizational structures, administrative procedures, ethical standards for members, performance indicators, and periodic evaluation mechanisms. A uniform institutional framework would promote consistency in decision-making and improve the quality of consumer dispute resolution nationwide. Fourth, stronger inter-institutional coordination is essential for improving the effectiveness of consumer protection. BPSK should develop closer cooperation with relevant ministries, local governments, consumer protection organizations, law enforcement agencies, judicial institutions, business associations, and other stakeholders. Such collaboration would facilitate more efficient dispute resolution, improve enforcement of consumer protection regulations, and strengthen supervision over business practices. Through enhanced institutional capacity and collaborative governance, BPSK can function not only as a dispute resolution body but also as a center for consumer education, legal consultation, and dispute prevention.

Digital transformation has also become an urgent necessity in the modernization of consumer dispute resolution. The rapid growth of electronic commerce has fundamentally altered the legal relationship between consumers and business actors, requiring dispute resolution mechanisms to evolve accordingly. One strategic approach is the implementation of an Online Dispute Resolution (ODR) system within BPSK. Through this platform, consumers would be able to submit complaints electronically without visiting BPSK offices in person. All stages of dispute resolution—including case registration, document submission, notification of parties, mediation, hearings, and the delivery of decisions—could be conducted through integrated digital platforms. The implementation of ODR offers several significant advantages. It can substantially reduce litigation costs, accelerate dispute resolution, expand access for consumers residing in remote areas, and enhance the transparency and accountability of public services. Digitalization also enables the development of real-time case tracking systems, allowing disputing parties to monitor the progress of their cases independently. Such transparency contributes to greater public trust in consumer dispute resolution mechanisms.

In addition, BPSK should establish a national consumer dispute database that records the types of disputes, business sectors most frequently involved in disputes, mediation success rates, compliance with decisions, and recurring patterns of consumer rights violations committed by business actors. This database would provide valuable empirical evidence for developing evidence-based consumer protection policies and improving regulatory interventions. Nevertheless, digital transformation must be accompanied by robust cybersecurity and information protection measures to ensure the confidentiality of personal data, electronic documents, and judicial proceedings. Therefore, digitalization should not only improve efficiency but also safeguard the integrity, reliability, and security of the entire dispute resolution process. Based on the various challenges identified in this study, several policy recommendations can be proposed to strengthen consumer protection and improve the effectiveness of BPSK in Indonesia. First, the government should revise the Consumer Protection Law to ensure that it adequately addresses the legal implications of the digital economy, cross-border commercial transactions, and the application of information technology in consumer dispute resolution. Second, the establishment of BPSK should be expanded to all regencies and municipalities to ensure equal public access to consumer dispute resolution services throughout the country. Broader institutional coverage would reduce disparities in legal services between regions and enhance access to justice.

Third, the government should develop a nationally integrated digital consumer dispute resolution system that connects BPSK with relevant ministries, local governments, trade supervisory agencies, business actors, and judicial institutions. Such integration would improve administrative coordination, facilitate data exchange, and enhance institutional efficiency. Fourth, public legal literacy should be strengthened through continuous educational programs concerning consumer rights, consumer obligations, complaint procedures, and the functions of BPSK. Higher levels of legal awareness would encourage more effective dispute resolution while discouraging unfair business practices. Finally, a comprehensive national evaluation system should be implemented to assess the performance of all BPSK institutions using measurable performance indicators, including the number of disputes resolved, mediation success rates, average dispute resolution time, compliance with decisions, and public satisfaction levels. Regular performance evaluations would provide an objective basis for institutional reform and continuous improvement. Through these integrated legal, institutional, and technological reforms, BPSK is expected to become a more effective, credible, and accessible institution capable of delivering stronger legal protection and broader access to justice for consumers in Indonesia.

4. CONCLUSION

This study concludes that the Consumer Dispute Settlement Agency (Badan Penyelesaian Sengketa Konsumen/BPSK) plays a strategic role as an out-of-court dispute resolution institution established to provide legal protection for consumers through a mechanism that is simple, expeditious, and affordable, as mandated by Law Number 8 of 1999 concerning Consumer Protection. The findings indicate that, from a normative perspective, the legal framework governing the status, authority, and dispute resolution mechanisms of BPSK through mediation, conciliation, and arbitration provides an adequate legal basis for resolving consumer disputes. However, its implementation has not yet been fully effective due to several challenges, including overlapping jurisdiction with the general courts, the suboptimal enforcement and execution of BPSK decisions, limited human resources and budgetary support, and the low level of public awareness regarding the functions and authority of BPSK. Accordingly, the research hypothesis stating that the effectiveness of consumer dispute resolution through BPSK is influenced by regulatory clarity, institutional capacity, and the quality of the implementation of dispute resolution mechanisms is supported. These findings imply that strengthening the consumer protection system requires not only improvements to the regulatory framework but also institutional reform, enhancement of human resource competencies, digitalization of dispute resolution services, and greater harmonization of BPSK's authority with the judicial system. Future research is recommended to develop empirical studies examining the effectiveness of BPSK across different regions and to analyze consumer dispute resolution in electronic transactions and the digital economy in order to generate more comprehensive and adaptive policy recommendations that respond to the evolving landscape of consumer protection law in Indonesia.

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