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### **Legal Certainty of the Cash On Delivery System in electronic transactions in Indonesia**

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#### **Abstract:**

COD is a payment method that is made directly on the spot after the order from the courier is received by the buyer. Electronic transactions using the Cash On Delivery (COD) payment method play an important role in increasing the intensity of electronic transactions in Indonesia because the COD payment method can reach consumers who do not have a bank account or consumers who are still unsure about the market place they visit. The increasing number of people using the COD payment method is not in line with the public's perception of understanding the COD payment method, resulting in new problems such as consumers being reluctant to pay for goods they have ordered and protests accompanied by threats to delivery couriers. This article aims to examine the shortcomings in COD transactions in order to increase legal certainty for all parties in E-commerce transactions using the COD method. The type of research used by the author is normative legal research. Normative legal research is library legal research, because it uses library materials as the main basis for conducting this research. In normative legal research there are criteria for the type of research, namely research that discusses legal principles, legal systematics, level of legal synchronization, legal history. The nature of writing this paper is descriptive, namely the method used to explore and clarify a phenomenon or social reality by describing a number of variables relating to the problem or unit being studied. The analytical method used in this writing is descriptive qualitative, namely by discussing and analyzing the legal material obtained which is related to the focus being researched and presented in descriptive form. Legal material is analyzed using a qualitative descriptive method, namely describing a situation of an event obtained from research and then adjusting it to laws or regulations that are related to the focus of the writing. There are several shortcomings in this COD method, such as: Misunderstanding of the COD system, information provided by the seller is still different from the actual situation, and the method of purchasing goods is complicated. So this has an impact on couriers who experience quite a lot of problems compared to normal deliveries. The shortcomings of the COD system can be overcome by strengthening legal certainty. If the regulatory certainty is clear, it will guarantee that parties in E-Commerce transactions using the COD method can carry out behavior in accordance with the provisions of the applicable law.

**Keywords:** *Legal Certainty; Cash On Delivery; electronic transactions*

## I. Introduction

Basically, the similarity between conventional buying and selling activities and online buying and selling is that there is at least one agreement that binds the parties involved.<sup>1</sup> Along with the development of technology and the use of technology there are still several problems include the Indonesian people's enthusiasm for the use of e-commerce which has not been accompanied by trust in business actors in e-commerce, access to banking services, e-Money services and other digital payment systems which are the support for transactions in e-commerce. The emergence of the cash on delivery (COD) payment system is a breath of fresh air for several parties in e-commerce transactions, Cash On Delivery or COD transactions are one of the most widely used and popular methods in online buying and selling, but they still give rise to new problems despite the convenience offered. namely potential losses to parties involved in COD-based businesses.

The Cash On Delivery (COD) system is a payment method by paying for orders in cash when they arrive at their destination. In this case, payment is not given directly to the seller but through an intermediary courier who delivers the order.<sup>2</sup>

There are several cases that are widespread related to the use of the COD payment system which actually causes losses to the Buyer because the goods that arrive do not match the picture shown on the E-Commerce site or related products ordered do not match what arrives (such as size, color,

difference product), losses also experienced by sellers, namely when goods are returned by buyers, sometimes the returned goods are not in accordance with the goods previously sent to the buyer, starting from the quantity and physical condition of the goods or replaced with other goods that are not suitable for use, not The most important obstacle experienced by couriers as third parties in e-commerce transactions using the COD payment system is that there are frequent commotions with buyers when delivering goods.

Based on the description that has been presented, there are problems regarding the COD payment method used in E-Commerce media, and it needs to be reviewed from the aspect of legal certainty for the parties involved in the agreement, with the aim of all parties involved in E-Commerce media using the COD payment method can get legal certainty.

## II. Legal Materials and Methods

Article 1513 The main obligation of the buyer is to pay the purchase price at the time and place specified in the agreement. Article 1514 If these things are not stipulated at the time of making the agreement, the buyer must pay at the place and at the time of delivery.

Cash on delivery (COD) is a payment method used by consumers using cash payments when the product is sent to the customer's home or to a predetermined

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<sup>1</sup> Hermawan Lumba and Sumiyati, "Responsibility of Expedition Companies to Consumers Based on Law no. 8 of 1999 concerning Consumer Protection," Pulpit Justice Journal of Legal Studies, no. 8 (2014): 71–86.

<sup>2</sup> Fuadi, M. Z. R. H, and A. Diniyanto, "Evaluation of the Cash On Delivery System: To Improve Legal Certainty in the Development of Electronic Transactions in Indonesia. Evaluation of the Cash On Delivery System to Improve Legal Certainty in the Development of the Electronic Transactions in Indonesia." IPMHI Law Journal 2

address. COD offers a safer and more convenient payment method and allows customers to check the quality of the product during delivery, guarantees This delivery and payment time is profitable when compared to online payment methods, therefore COD is a profitable alternative for consumers who want to buy products online<sup>3</sup>. However, as time goes by, the COD system, which was initially considered a breath of fresh air by consumers, has also caused many problems for various parties in E-Commerce transactions using the COD system, thus requiring legal certainty in these transactions.

With legal certainty, it will guarantee that someone can carry out behavior in accordance with the provisions of the applicable law and vice versa. Without legal certainty, an individual cannot have standard provisions for carrying out a behavior.

Sudikno Mertokusumo stated that legal certainty is a guarantee that the law can run properly, meaning that with legal certainty the individual who has rights is the one who has received a decision from the legal decision itself.

Sudikno also explained that although legal certainty is closely related to justice, law and justice themselves are two different things. Law has the characteristics of being general, binding on every individual, generalizing, while justice itself has different characteristics, namely subjective, individualistic and non-generalizing. From the nature of law and justice itself, it can be clearly seen that justice and law are different things.

Because it makes library materials the main focus in conducting this research. In

normative legal research there are criteria for the type of research, namely research that discusses legal principles, legal systematics, level of legal synchronization, legal history. In this normative legal research, the author is interested in conducting research using legal principles.

This research was conducted using secondary data obtained from data sourced from primary, secondary and tertiary legal materials<sup>4</sup> namely: Primary legal material is obtained from basic regulations or the constitution, statutory regulations, especially those concerning General Election issues. Secondary legal materials are obtained from legal publications, the internet by mentioning the name of the site, draft laws, scientific works of scholars, research results, legal books (Text Books), and legal journals. Tertiary legal materials were obtained from the Big Indonesian Dictionary, Law Dictionary and other dictionaries related to research.

The nature of writing this paper is descriptive, namely the method used to explore and clarify a phenomenon or social reality by describing a number of variables relating to the problem or unit being studied.<sup>5</sup> The analytical method used in this writing is descriptive qualitative, namely by discussing and analyzing the legal material obtained which is related to the focus being researched and presented in descriptive form. Legal material is analyzed using a qualitative descriptive method, namely describing a situation of an event obtained from research and then adjusting it to laws or regulations that are related to the focus of the writing.

<sup>3</sup> Mhd Fathur Rizqi Zuhada Hsb, *The Influence of the Cash On Delivery Payment Method in the Shopee Application on Consumer Purchasing Power*, Indonesian Journal of Business and Management, Vol 3 (1) p.107

<sup>4</sup> Peter Mahmud Marzuki, *Penelitian Hukum*, Kencana Prenada Media Group, Jakarta, 2010, Hlm.181-182.

<sup>5</sup> Peter Mahmud Marzuki. 2010. *Legal Research*, Jakarta: Kencana Media Group, p. 22.

### III. Result and Discussion

Basically, the COD transaction system offers payment that is handed over to the courier after the goods reach the buyer. There are four parties involved in this transaction, namely:<sup>6</sup>

**a. Sellers** are parties who offer goods on the marketplace. The seller is obliged to provide clear and correct information about the goods being sold.

**b. Buyers** are parties who buy goods from sellers through the available marketplace. The buyer has the obligation to provide payment equal to the price of the goods purchased. On the other hand, the buyer has the right to receive the goods purchased according to the order.

**c. Marketplace**, is an internet-based online media platform that acts as a facilitator in carrying out business activities and transactions between buyers and sellers.

**d. Goods Delivery Service Providers/couriers**, are third parties in e-Commerce whose job is to deliver goods to buyers that have previously been ordered by sellers via the marketplace.

#### 1. Weaknesses of Electronic Transaction Systems that Use the Cash On Delivery Method

The legal rules regarding electronic transactions are focused on Government Regulation of the Republic of Indonesia Number 71 of 2019 concerning the Implementation of Online Systems and Transactions in Indonesia, Law Number 11 of 2008 concerning Information and Electronic Transactions and Law Number 7 of 2014 concerning Trade. Electronic

transactions are transactions carried out without a direct meeting between the seller and the buyer via the internet<sup>7</sup>.

The COD payment method can increase buyers' trust in the marketplace, but there are still several weaknesses that often cause problems among the public, including:

#### 1. The level of consumer understanding is still wrong

Buyers still consider the COD payment method as a face to face method which can be interpreted as the buyer can open and see the goods when the goods arrive and pay to the courier when the goods are suitable or the buyer returns the goods to the courier and does not need to pay even though the package has been opened<sup>8</sup>. The potential for chaos between the courier and the buyer when the buyer is not there or the buyer refuses to pay. Buyers often protest and vent their disappointment at delivery couriers who actually don't know anything about the condition of the goods, they are only obliged to deliver the goods to their destination. Regular buyers is obliged to pay for the goods that have been opened first to the courier. If not, the courier is the one responsible for the goods and this is very detrimental to the courier, who basically has minimal legal protection, in fact in some cases the courier often receives unpleasant treatment from unscrupulous buyers who have not can interpret the COD system, another weakness. Goods cannot be stored or entrusted to a neighbor because the buyer has to pay first to the courier, and sometimes the orderer doesn't want to pay because he claims he doesn't have the money.

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<sup>6</sup> Nabil Abduh Aqil, *Evaluation of the Cash On Delivery System to Increase Legal Certainty in the Development of Electronic Transactions in Indonesia*, IPMHI LAW JOURNAL VOL 2(1) 2022, 256

<sup>7</sup> Ahmad. 2018. *The Influence of E-Commerce Users on Online Transactions Using Confirmation Factor*

*Analysis*. Exacta Factor Journal volume 1 number (1). pp. 7-16.

<sup>8</sup> Rochati Maghfiroh. 2020. *Legal Protection for Goods Sent by Consumers Using Go-Send Instant Courier Services Via Tokopedia*. Lex Renaissance Journal No.1 Volume 5 2020, Pages 235-249.

## 2. The need for legal certainty in electronic transaction systems that use the cash on delivery method

Several marketplaces actually provide services for their users to be able to return goods and do not need to pay money if the goods sent have not been opened at all, but this is still less effective in supporting the simplification of the rules for returning goods. One effort that can be made to simplify the rules for returning goods, especially in the COD payment method, is by giving buyers access to return goods to the courier if the goods are not suitable, but the return must contain provisions including: a) Before returning the goods in the COD system to the courier, the buyer is required to fill in the goods form and agree to the costs of damaging the packaging/goods. b) Every buyer who refuses to pay and asks to return

the goods if they only open the packaging of the goods and do not damage the goods themselves will simply be subject to a fine in lieu of the seller's packing costs, the amount of which is determined by the marketplace. c) Buyers who have opened goods and cause the goods to be damaged so that the selling value is reduced and/or cannot be resold by the seller, the buyer will be subject to a fine equal to the price of the goods purchased. d) Payment of the fine is paid via the website or marketplace management application or charged to the next transaction (new transactions made will be accumulated with the fine given).

## IV. Conclusion and Suggestion

The Cash On Delivery (COD) method can really increase public trust. However, it does not rule out the possibility that the electronic transaction system via the Cash On Delivery (COD) method in Indonesia has several shortcomings for various parties in COD transactions, including some parties who are still mistaken regarding this COD system, thus affecting other parties. For this reason, it is necessary to review legal certainty in e-commerce transactions using the COD method with a touch of the role of law in it. Law is a tool that plays an important role in evaluating online transaction systems that use the Cash On Delivery (COD) method. Some of the roles of law in this case are: strengthening legal protection for couriers through Law no. 1 of 1970 concerning Work Safety, apart from that, also regarding the similarity of goods promised to consumers by sellers based on Law no. 8 of 1999 concerning Consumer Protection.

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