

Original Article

Towards Fairness in Cash on Delivery Systems: Comparative Insights from Indonesian Consumer Law and Sharia Economic Justice

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Abstract

The Cash on Delivery (COD) system is one of the payment methods frequently used, in which consumers pay for the ordered products upon receiving them. Although it provides convenience, this system often causes problems, especially related to transaction cancellations by consumers after delivery has been made by the business operator. Such cancellations can result in significant losses for the business operator, both in terms of operational costs, shipping, and business reputation. Therefore, it is important to analyze how legal protection for business operators is regulated in the context of Law No. 8 of 1999 on Consumer Protection and also to consider the perspective of Islamic economic law principles, which can provide guidance for fairer business practices. The type of research used is library research with a normative juridical approach, which refers to research based on legal norms contained in legislation and the principles of Islamic economic law. In Law No. 8 of 1999, legal protection is regulated for business actors against losses caused by the unilateral cancellation of transactions by consumers, although the consumer's right to cancel transactions is still recognized. On the other hand, in Islamic economic law, the principles of justice, good faith, and prohibition of uncertainty require transparency and clear policies regarding transaction cancellations.

Keywords: Legal Protection; Business Actors; Cash on Delivery;

Introduction

One of the activities carried out by people in transactions is through buying and selling. The process in which someone acquires, purchases, and sells products to others at a predetermined price.¹ Buying and selling is also explained as an agreement that is interconnected between the seller who delivers the goods and the buyer who must pay the price of the purchased goods.² One evidence of business digitalization is the emergence of e-commerce during the era of the Industrial Revolution 4.0. E-commerce is a method for transacting or selling goods and services using the internet. This concept is similar to ordinary agreements, where someone promises another person or parties agree to carry out a certain action. However, the main difference between an online sales contract or agreement and other contracts lies in how the agreement is reached.³ In this case, the agreement is

¹ Muhammad Alfarizi and Rini Kurnia Sari, 'Analysis Of Factors Affecting Customer Behavior Of Marketplace Applications: A Case Study Of Cash On Delivery (COD) Payment Systems', in *2021 International Conference on Advanced Computer Science and Information Systems (ICACSIS)* (IEEE, 2021), pp. 1–7 <<https://doi.org/10.1109/ICACSIS53237.2021.9631307>>.

² Safia Anjum and Junwu Chai, 'Drivers of Cash-on-Delivery Method of Payment in E-Commerce Shopping: Evidence From Pakistan', *SAGE Open*, 10.3 (2020) <<https://doi.org/10.1177/2158244020917392>>.

³ Muhammad Alfarizi and Rini Kurnia Sari, 'Adoption Of Cash on Delivery (COD) Payment System in Shopee Marketplace Transaction', *Procedia Computer Science*, 227 (2023), 110–118 <<https://doi.org/10.1016/J.PROCS.2023.10.508>>.



not expressed orally or in writing as in traditional contracts, but rather through communication using electronic media. In the context of e-commerce, the agreement can be reached through electronic messages, emails, or online forms. This serves as an example of how advancements in technology and communication can change the way contracts are made, making them more efficient and practical in the context of electronic commerce.⁴

In Indonesia, there are many online stores (marketplaces) available, such as Shopee, Lazada, Tokopedia, and Bukalapak, among others, each of which certainly has its own characteristics. The payment methods offered include bank transfers, credit card payments, payments through Indomaret and Alfamart, ShopeePay (Shopee's digital wallet), SPayLater (credit payment method), as well as cash on delivery. The transaction process using cash on delivery (COD) on Shopee e-commerce involves payment to the courier after the goods are received.⁵ Payment with COD, also known as Cash on Delivery, is a payment method in which the buyer can pay for their goods in cash when the items arrive at the destination. This method is carried out with the courier delivering the goods and can only be done in cash. In e-commerce transactions using the COD system, sellers can display product photos with specifications, prices, and the seller's contact number.⁶ Every action definitely has advantages and disadvantages. One of the drawbacks of the COD system is that buyers can easily cancel agreements that have been agreed upon by both parties.⁷ As a result, the seller experiences significant losses. One of them is the loss of time and materials because goods that should have been sold are not sold due to the buyer's unilateral cancellation. The convenience of the COD system often leads consumers to make purchases without genuine intent, resulting in losses for the business operators.

In Law Number 8 of 1999 concerning Consumer Protection, it regulates consumer protection more than the protection of business actors.⁸ This is reasonable because, although consumer bargaining power is still low when purchasing goods online, business actors are very likely to place consumers in a weak position since consumers can be disadvantaged. Article 1320 of the Civil Code (*KUH Perdata*) also serves as a regulatory basis for recognizing the validity of agreements in the COD system between buyers and sellers.⁹ For an agreement in the COD system to be considered valid, it must comply with the four conditions of a valid agreement as stipulated in the law. The four conditions that must be met, such as the consent of the parties, legal capacity, a transferable object, and a lawful cause or consideration, will determine the validity of the agreement and provide a legal basis to protect the rights and obligations of the buyer and seller. In the context of online sales agreements, if the four conditions of a valid agreement are fulfilled, a binding contract between the buyer and seller is established. The occurrence of this binding contract will create a legal connection between the parties involved, which in turn will result in the emergence of rights and obligations for each party.

The Cash on Delivery (COD) system is a payment method commonly used in buying and selling transactions, especially on e-commerce platforms. In the context of Islamic economic law, the implementation of this system must comply with certain principles to be considered valid and in accordance with Islamic law. The COD system can be accepted under Islamic economic law as long as it meets the conditions for a valid agreement as well as the principles of justice and transparency. Sellers and buyers need to understand these aspects to ensure that their transactions are not only legally valid but also ethical from a sharia perspective. Thus, COD becomes a relevant payment

⁴ Sara Hamed and Sara El-Deeb, 'Cash on Delivery as a Determinant of E-Commerce Growth in Emerging Markets', 2024 <<https://doi.org/10.1080/08911762.2020.1738002>>.

⁵ Jumriani Jumriani and Hizbullah Hizbullah, 'Cash on Delivery (CoD) Perspektif Ekonomi Syariah', *Journal of Environmental Economics and Sustainability*, 1.2 (2024), 1–17 <<https://doi.org/10.47134/JEES.V1I2.137>>.

⁶ Silviasari Silviasari, 'PENYELESAIAN SENGKETA KONSUMEN DAN PELAKU USAHA DALAM TRANSAKSI E-COMMERCE MELALUI SISTEM CASH ON DELIVERY', *Media of Law and Sharia*, 1.3 (2020), 151–61 <<https://doi.org/10.18196/MLS.V1I3.9192>>.

⁷ Chandra Israel and others, 'Akibat Hukum Terhadap Konsumen Yang Tidak Melakukan Transaksi Sesuai Prosedur Cash On Delivery (COD) Ditinjau Dari Hukum Perdata', *LEX PRIVATUM*, 11.5 (2023).

⁸ Nona Faradiba S, 'Analisis Perlindungan Hukum Terhadap Pelaku Usaha Dalam Konsep Business To Business Melalui Transaksi Elektronik', *Jurnal Ilmiah Mahasiswa Hukum [JIMHUM]*, 1.4 (2021), 1–13.

⁹ Baso Akib and Riskawati Riskawati, 'Impact of Islamic Marketing and Cash on Delivery Services on Buying Interests on Tokopedia (District of Rappocini, Makassar)', *Journal of Waqf and Islamic Economic Philanthropy*, 1.1 (2023), 1–10 <<https://doi.org/10.47134/WIEP.V1I1.49>>.



method in the current digital era, as long as it is carried out responsibly and in accordance with sharia provisions.

This research is in line with the study conducted by Syarif titled "The Implementation of Cash on Delivery in Online Buying and Selling on Facebook Viewed from the Perspective of Islamic Economics (A Case Study of Online Marketplace Buying and Selling Groups in Pekanbaru City)". The study shows that the implementation of the cash on delivery payment method in online buying and selling transactions in the Marketplace Groups of Pekanbaru City has fulfilled the pillars and conditions of the sales contract according to the perspective of Islamic Economics. Therefore, the implementation of the cash on delivery method in online buying and selling in the Marketplace Groups of Pekanbaru City is considered valid and in accordance with the principles of Islamic Economics. However, there are advantages and disadvantages related to the use of the cash on delivery system in online buying and selling in the Marketplace Groups of Pekanbaru City, from both the buyers' and sellers' perspectives..¹⁰

The research conducted by Hasan is entitled "Analysis of the Implementation of the Cash On Delivery (COD) Payment System to Increase Online Business Purchases on the Deals Of The Day Marketplace Application." The results of the study indicate that the implementation of the Cash On Delivery (COD) payment system on the Deals Of The Day store in the marketplace application can increase the number of purchases. There is a significant difference between the conditions before and after the implementation of the Cash On Delivery (COD) payment system.¹¹

The research conducted by Sulis Tyaningsih and Rina Arum Prastyanti titled "Legal Perspective on the Cancellation of Consumer Payments in E-Commerce Using Cash On Delivery (COD)" explains the payment system between consumers and business actors in e-commerce transactions and analyzes the protection for business actors in the event of consumer transaction cancellations in the Cash on Delivery system. Factors that cause losses for business actors in COD payment practices include buyers who do not have good intentions, failure to make payment as agreed, and damage to goods. The lack of legal regulation regarding protection for business actors in the COD payment system causes losses for business actors in running their business.¹²

Method

This research is a qualitative descriptive study that uses literature review techniques as a data collection method with a normative juridical approach, meaning the research refers to legal norms contained in legislation and principles of Islamic economic law. The literature review involves examining various books, literature, notes, and reports relevant to the issues being addressed. This research also involves analysis of written sources such as scientific journals, reference books, literature, and others related to the research study. The focus of this research is on legal protection for business actors in cash on delivery (COD) transactions. In conducting this research, the data used includes all writings and documents that the author used as references in the study.

Results and Discussions

Metode Cash on Delivery (COD) pada Transaksi e-Commerce

Cash on delivery (COD) is a payment method where the buyer makes a cash payment to the seller when the product is delivered to the buyer. In online transactions, COD involves a meeting between the seller and the buyer at a pre-agreed location. This COD payment method allows the buyer to prepare full payment at the time the product is received. Payment is made directly to the seller or the

¹⁰ - Muhammad Syarif Hidayatullah, 'PELAKSANAAN CASH ON DELIVERY DALAM JUAL BELI ONLINE DI FACEBOOK DITINJAU MENURUT PERSPEKTIF EKONOMI ISLAM (Studi Kasus Di Grup Jual Beli Online Marketplace Kota Pekanbaru)', 2021.

¹¹ Athellya Hasan, 'Analisis Penerapan Sistem Pembayaran Cash On Delivery (COD) Untuk Meningkatkan Penjualan Bisnis Online Pada Aplikasi Marketplace Toko Deals Of The Day', 2019.

¹² Sulis Tyaningsih and Rina Arum Prastyanti, 'Perspektif Hukum Terhadap Pembatalan Pembayaran Konsumen Dalam E-Commerce Menggunakan Cash On Delivery (COD)', *Socius: Jurnal Penelitian Ilmu-Ilmu Sosial*, 1.5 (2023) <<https://doi.org/10.5281/ZENODO.10368932>>.



courier delivering the goods. In the context of e-commerce, COD payments usually occur after the buyer receives the order and ensures that the product received matches what was ordered.¹³

It is important to know that in the COD payment method on e-commerce platforms, buyers are usually not allowed to open or use the product before making the payment to the courier. This is done to ensure that the payment is completed properly before the buyer uses or benefits from the purchased goods.¹⁴

The transaction process using cash on delivery (COD) on the e-commerce platform Shopee involves payment to the courier after the goods are received. However, based on researcher observations and Shopee's policy, an orderer is not allowed to inspect or check the condition of the goods before making payment. If dissatisfaction occurs due to physical defects, quality deterioration, or product mismatches, the buyer cannot cancel the transaction. If the item is returned, all return costs are borne by the buyer. In this context, the researcher found indications that the COD transaction method contains elements of gharar or deception. Gharar can be interpreted as uncertainty in a transaction regarding quality, quantity, price, and delivery time, which can harm one of the parties. However, it should be noted that COD policies and practices may vary between e-commerce platforms. Some platforms may have return policies or quality guarantees that protect the interests of buyers in COD transaction.¹⁵

Factors That Cause Business Actors to Suffer Losses in Cash on Delivery (COD) Payment Practices

Cash On Delivery (COD) is a payment method in online buying and selling transactions where the buyer makes the payment to the seller when the goods are in the buyer's hands in cash, not before the goods are shipped. COD can be described as a transaction agreement between the seller and the buyer to make payment when the goods are already in the buyer's possession. COD aims to facilitate buyers who cannot pay via bank transfer or ATM and allows them to pay using cash.



Metode Pembayaran E-commerce yang Paling Populer, 2024

Based on a survey conducted by Jakpat, the most widely used payment method by consumers when shopping on e-commerce platforms is e-wallet, with 77% of users choosing this method. This data indicates that e-wallets have become a favorite payment tool among the public due to their convenience. In addition, the Cash on Delivery (COD) payment method is still popular, chosen by 62% of users. Mobile and internet banking are options for 50% of users, providing a fast and efficient

¹³ Afida Ainur Rokfa and others, 'PENYELESAIAN SENGKETA SISTEM PEMBAYARAN CASH ON DELIVERY (COD) PADA MEDIA E-COMMERCE', *Jurnal Bina Mulia Hukum*, 6.2 (2022), 161–73 <<https://doi.org/10.23920/jbmh.v6i2.533>>.

¹⁴ Jumriani and Hizbullah.

¹⁵ Neni Hardiaty and others, 'Etika Bisnis Rasulullah SAW Sebagai Pelaku Usaha Sukses Dalam Perspektif Maqashid Syariah', *Jurnal Ilmiah Ekonomi Islam*, 7.1 (2021), 513–18 <<https://doi.org/10.29040/JIEI.V7I1.1862>>.



alternative. The Paylater or peer-to-peer (P2P) lending method is also increasingly favored, used by 27% of consumers, while transfers through ATMs still hold at 25% of users.¹⁶

Based on the Jakpat survey data in 2024, around 62% of Indonesian consumers choose the COD (Cash on Delivery) method when shopping on e-commerce platforms. Among that number, there are several reasons why buyers prefer the COD payment method, including wanting to ensure the items they receive before paying for them. This shows buyers' trust in the quality and authenticity of the products they intend to purchase. They consider this payment method simpler, as buyers do not need to bother making transfers through bank accounts or ATMs; they can simply pay in cash when the items are in their hands. It also caters to the inconvenience of going to an ATM. This payment method allows buyers to continue shopping without having to leave their home or office to withdraw cash, and some buyers opt for the COD system because they do not have a bank account. This method enables buyers who do not have access to banking services to continue shopping online.

Marketplaces that offer Cash On Delivery (COD) payment services collaborate with courier companies to manage these transactions. In COD, the courier acts as a third party, serving as an intermediary between the seller and the buyer. This COD payment method provides advantages for buyers who do not have a bank account or e-wallet, as well as allowing buyers to inspect the goods before paying, reducing the risk of fraud or receiving items that do not match the order. However, the COD payment system also has drawbacks that could potentially harm sellers, such as the risk of order cancellations or fraud by buyers. Therefore, marketplaces need to enhance socialization and literacy for sellers and buyers about COD payment facilities to provide assurance that this system is safe and reliable.

The main rule of the COD payment method on the marketplace lies in the moment when the consumer receives the delivery package, where the consumer is required to complete the transaction payment to the delivery courier before opening the package. If the package sent by the seller is incorrect or damaged, the consumer can contact the marketplace as a mediator to file a claim against the seller. However, in practice, it is often found that buyers are dishonest and deceitful in COD payment methods. In this case, the buyer orders goods using COD payment, but when the goods arrive, the buyer refuses to pay for the order. This caused the goods to eventually return to the seller. Article 1320 paragraph (1) of the Civil Code explains that the agreement between the buyer and the seller is a requirement for the formation of a contract.¹⁷ However, even though the agreement has occurred, it does not necessarily meet the requirements for a valid agreement, namely the consent of the parties, the capacity to make an agreement, a certain subject matter, and a lawful cause.

An agreement is considered valid if it meets the requirements set forth by law, namely the consent of the parties, the capacity to make an agreement, a specific matter, and a lawful cause.¹⁸ Consumers who use the COD payment method are obligated to carry out the sales agreement based on the rights and obligations as stipulated in Article 5 Paragraph 2 of Law Number 8 of 1999 concerning consumer protection. In Article 1338 of the Civil Code, it is explained that an agreement cannot be canceled except by mutual consent or for reasons deemed sufficient by law. The agreement must be made in good faith by both the seller and the buyer, and must be executed with honesty in providing information and being responsible for what has been stated, so as not to harm either party involved in the agreement.¹⁹

The Cash on Delivery (COD) payment method on marketplaces often causes problems and losses for sellers. Some of the losses experienced by sellers include wasted time due to order processes being wasted if buyers refuse to pay, wasted packaging costs if orders are canceled, the risk of unilateral cancellation by buyers, payment uncertainty since payment is only received when the order arrives, and difficulties in resolving disputes related to COD payments without clear policies from the marketplace.

¹⁶ Jakmin, 'Inilah Metode Pembayaran E-Commerce Yang Paling Populer - Jakpat Responden Info'.

¹⁷ Pasal 1320 ayat (1) Kitab Undang-Undang Hukum Perdata

¹⁸ I Dewa Ayu Sri Ratnaningsih and Cokorde Istri Dian Laksmi Dewi, 'Sahnya Suatu Perjanjian Berdasarkan Kitab Undang-Undang Hukum Perdata', *Jurnal Risalah Kenotariatan*, 5.1 (2024), 11–18 <<https://doi.org/10.29303/RISALAHKENOTARIATAN.V5I1.204>>.

¹⁹ Indi Millatul Aula and Akhmad Budi Cahyono, 'Pembatalan Perjanjian Secara Sepihak Akibat Wanprestasi (Studi Putusan-Putusan Pengadilan Dan Perbandingan Di Negara-Negara Sipil Hukum)', *Lex Patrimonium*, 2.2 (2023), 11.



In the COD payment method, there are several factors that cause losses for business operators, namely:²⁰ First, buyer not at the delivery location: When the courier has delivered the goods to the buyer, sometimes the buyer is not present. This causes the goods to be returned to the seller because the package will be sent back to the seller. Second, buyer refusing to pay without a clear reason: If the buyer refuses to pay for the goods that have been ordered and received, it can be classified as a breach of contract. Regarding the buyer's behavior, the seller can claim compensation or cancel the purchase in accordance with Articles 1266, 1267, and 1517 of the Civil Code. Third, buyer Not having money to pay for a COD package: When the item reaches the buyer, sometimes the buyer does not have enough money to pay for the COD order. The buyer should ensure they have enough money to pay for the order so as not to disadvantage both the buyer and the courier.

Law No. 8 of 1999 concerning Consumer Protection explains the obligations of consumers, where consumers must fulfill these obligations in good faith, pay according to the agreement, and follow dispute resolution if a legal issue arises. Efforts to address problems arising from the COD system can be carried out through education from the marketplace on their website or advertisements to consumers regarding the terms and conditions applicable to COD. For consumers themselves, it is necessary to apply good faith in utilizing trade through electronic systems because the occurrence of COD represents a purchase agreement between the consumer and the business actor in accordance with Article 49 paragraph 1 of Government Regulation No. 71 of 2019, which states, 'An Electronic Transaction occurs when the parties reach an agreement'.

Analysis of Legal Protection for Business Actors in the Cash on Delivery System from the Perspective of Law No. 8 of 1999 on Consumer Protection

Online buying and selling transactions using the COD payment method provide convenience for buyers, allowing those who do not have a bank account to order goods without paying in advance and pay for their orders when the items are delivered by the courier to the buyer's address. However, with the COD payment method that plays a role in payment upon delivery, sellers in marketplace applications often encounter irresponsible buyers who do not pay for the goods they ordered because the buyers cannot be contacted, do not want to make the payment due to lack of funds, and are dishonest in providing information. When consumers have agreed to order goods through the COD system, they should fulfill the agreement according to the terms that have been agreed upon. In online transactions using the COD (Cash on Delivery) payment method in marketplaces, consumers or buyers often do not take responsibility for the orders they have placed. This is due to the absence of clear regulations governing the COD payment system in online transactions.

According to Article 1460 of the Civil Code, goods that are sold become the buyer's responsibility from the moment the agreement or purchase occurs, even if the delivery has not yet been carried out, so the seller has the right to claim costs for the goods.²¹ Article 1243 of the Civil Code states that the buyer is obligated to provide compensation for losses incurred due to negligence in fulfilling their obligations to the seller.²² This COD payment system often causes disputes between sellers and buyers. In general, buyers are more frequently the victims of sellers' breaches of contract, although many sellers also fall victim to buyers' breaches. Buyers who refuse to pay for the goods are committing a breach of contract, which means breaking a promise, being negligent, and violating an agreement.²³ There are four types of default or negligence caused by the buyer, namely: 1) Failing to do what they have agreed to do. 2) Performing what was promised, but not as promised. 3) Performing what was promised but late. 4) Doing something that is not allowed according to the agreement. In e-commerce transactions, especially in COD payments, buyers often commit defaults. This default can result in the sales transaction not occurring and cause losses for the seller. The legal

²⁰ Tyaningsih and Prastyanti.

²¹ Assafa Endeshaw, *Hukum E-Commerce Dan Internet Dengan Fokus Di Asia Pasifik* (Yogyakarta: Pustaka Pelajar, 2007).

²² Miskawati Suleman, Maarthen Y Tampanguma and Presly Prayogo, 'TINJAUAN HUKUM BAGI PELAKU WANPRESTASI PADA TRANSAKSI ONLINE', *LEX CRIMEN*, 12.4 (2024).

²³ Abdul Rahman, 'WANPRESTASI DALAM TRANSAKSI JUAL BELI ONLINE MELALUI FITUR CASH ON DILEVERY PADA APLIKASI MARKETPLACE', *Supremasi Hukum : Jurnal Penelitian Hukum*, 31.2 (2022), 110–28 <<https://doi.org/10.33369/JSH.31.2.110-128>>.



consequences of buyer default in online sales transactions include:²⁴ 1) Sellers can report a buyer's account so that the buyer's account gets blocked. 2) There was a cancellation of the agreement between the seller and the buyer. 3) The seller incurred a loss and the buyer must compensate for that loss. 4) A contract termination occurred with the payment of compensation for damages.

In online buying and selling transactions, it must be based on good faith from the parties involved in the agreement, both for business actors and consumers. According to Subekti, the principle of good faith is one of the important rules in contract law.²⁵ In an online sales agreement, there is basically a principle of good faith. However, in the implementation of online sales transactions with the COD payment method, there are consumers who do not act in good faith towards the business actors. There are many regulations that protect consumer rights, but it is not explained what happens if the rights of business actors are not fulfilled by consumers. The existence of rights and obligations of the parties in conducting transactions requires consumers to understand their rights as consumers as stated in Article 4 of the Consumer Protection Law in such transactions. Article 4 of the Consumer Protection Law states that consumer rights are:²⁶ the right to comfort, security, and safety in consuming goods and/or service; the right to choose goods and/or service and to obtain these goods and/or service according to the exchange value and the promised conditions and guarantees; the right to correct, clear, and honest information regarding the condition and warranty of goods and/or services; the right to have opinions and complaints about goods and/or services used heard; the right to receive advocacy, protection, and appropriate efforts to resolve consumer protection disputes; the right to receive consumer guidance and education; the right to be treated or served properly and honestly, and without discrimination; the right to receive compensation, indemnity, and/or replacement, if the goods and/or services received do not conform to the agreement or are not as the should be rights regulated in the provisions of other laws and regulations.

The right to accurate information is one of the consumer rights that must be respected and protected. Business actors in selling their goods must provide complete and correct information so that no important aspect of consumer rights is neglected. Furthermore, the obligations of consumers are also regulated in Article 5 of Law Number 8 of 1999 concerning Consumer Protection, which is:²⁷ reading or following instructions, information, and procedures for the use or utilization of goods and/or services, for the sake of safety and security, acting in good faith when conducting transactions for the purchase of goods and/or services, pay according to the agreed exchange rate, participating in efforts to resolve legal disputes regarding consumer protection

It is important to have legal protection for business actors. Business actors always prioritize consumer rights, which include selling goods and/or services that are of high quality and safe to use; consumer satisfaction is also measured by the responsibility of the business actors. Law Number 8 of 1999 is said to regulate not only consumers but also business actors. However, sanctions for consumers who have violated the law have not been regulated or explained in Law Number 8 of 1999 concerning Consumer Protection.²⁸

Consumer protection is more regulated compared to business actors, which is reasonable considering the unequal position of consumers compared to business actors, such as one factor in purchasing goods online where the bargaining position of consumers is still low. However, in this matter, both parties must act in good faith in conducting online buying and selling transactions. The consumer's right to accurate information is a right that must be respected and protected. Business actors are obliged to provide complete and accurate information when selling goods or services to fulfill consumer rights. The Consumer Protection Law, namely Law Number 8 of 1999, regulates consumer obligations, such as reading the instructions for use, acting in good faith in transactions, paying according to the agreement, and following dispute resolution procedures. However, the

²⁴ Ainul Yaqin, 'AKIBAT HUKUM WANPRESTASI DALAM JUAL BELI ONLINE MENURUT UNDANG-UNDANG INFORMASI DAN TRANSAKSI ELEKTRONIK', *Dinamika*, 25.6 (2019).

²⁵ Subekti, *Pokok-Pokok Hukum Perdata* (Jakarta: Intermasa, 1996).

²⁶ Pasal 4 Undang-Undang Nomor 8 Tahun 1999 Perlindungan Konsumen

²⁷ Pasal 5 Undang – Undang Nomor 8 Tahun 1999 tentang Perlindungan Konsumen

²⁸ Fahrul Arifin and others, 'PERLINDUNGAN HUKUM BAGI PELAKU USAHA DALAM METODE TRANSAKSI COD CEK DULU', *JOURNAL SAINS STUDENT RESEARCH*, 1.1 (2023), 1061–71 <<https://doi.org/10.61722/JSSR.V1I1.437>>.



regulations governing business actors tend to be minimal, creating an imbalance between consumers and business actors. Article 6 of Law Number 8 of 1999 provides protection to business actors, such as:²⁹ the right to receive payment in accordance with the agreement regarding the conditions and exchange value of goods and/or services traded, the right to receive legal protection from actions of consumers with bad intentions, the right to receive legal protection from consumers acting in bad faith, the right to have one's reputation rehabilitated if it is legally proven that the consumer's loss was not caused by the goods and/or services traded

In the context of the relationship between business actors and consumers, there are regulations governing their rights and obligations. Article 6 letter a states that business actors have the right to receive good faith from consumers when using the COD payment method. However, if the buyer does not act in good faith, the seller can return the goods via courier and report the issue to the marketplace, which will take further action. In addition, business actors also have obligations, such as acting in good faith in their business, providing accurate and honest information about products, treating consumers fairly, and ensuring the quality of goods and services meets standards.³⁰

There are regulations governing the rights of business actors, yet there are still business actors who do not receive their rights when buyers fail to fulfill their obligations. Article 6 letter A regarding the rights and obligations of business actors stipulates that business actors have the right to receive good faith from their consumers in transactions using the COD payment method. In sales transactions through the COD payment method, when there are buyers acting in bad faith, the seller can only accept goods that have been returned to them by the consumer through a courier as a third party, and the seller can file a report with the marketplace, which will then follow up on the report. In addition, business actors must also carry out their obligations in online sales transactions in accordance with legal provisions. Article 7 of Law Number 8 of 1999 regulates the obligations of business actors as follows:³¹ acting in good faith in conducting business activities, providing correct, clear, and honest information regarding the condition and guarantees of goods and/or services, as well as giving explanations on usage, repair, and maintenance, treating or serving consumers correctly and honestly, and without discrimination

The Consumer Protection Law carries the same provisions in protecting the legal rights of business actors and consumers. The Government of the Republic of Indonesia has taken steps by issuing Law Number 11 of 2008 on Electronic Information and Transactions (ITE Law) and Government Regulation Number 71 of 2019 on the Implementation of Electronic Systems and Transactions. Nevertheless, legal protection for business actors is still inadequate. Cases of unilateral cancellations by consumers, especially in COD transactions on online platforms, indicate the need for a review and changes in the law to protect business actors. The goal is to prevent legal gaps and arbitrary actions by consumers that could harm sellers both materially and immaterially.

Sanctions against consumers, in this case, are not theoretically explained under repressive legal protection in Law Number 8 of 1999 concerning Consumer Protection. However, if a consumer commits a default, they can be subject to sanctions such as paying the losses suffered by the business actor, cancellation of the agreement, transfer of risk, and payment of legal costs if the matter is brought to court.³²

Article 8 of Law No. 8 of 1999 regulates the obligation of business actors to provide protection to consumers from all forms of losses caused by transactions that harm consumers, but it does not explicitly explain the cancellation carried out by the consumer.³³ In the context of COD, the business actor has shipped the goods according to the consumer's order and bears the shipping costs. If the consumer cancels the transaction after receiving the goods, the business actor may potentially suffer losses, both material and non-material.

²⁹ Pasal 6 Undang-Undang Nomor 8 Tahun 1999 tentang Perlindungan Konsumen

³⁰ Alexandra Saragih Exelsia, Muhammad Fadhil Bagaskara and Mulyadi, 'PERLINDUNGAN HUKUM TERHADAP KONSUMEN DALAM TRANSAKSI E-COMMERCE', *Civilia: Jurnal Kajian Hukum Dan Pendidikan Kewarganegaraan*, 2.1 (2023), 145–55 <<https://doi.org/10.572349/CIVILIA.V2I2.414>>.

³¹ Pasal 7 Undang-Undang Nomor 8 Tahun 1999 tentang Perlindungan Konsumen

³² Nindyo Pramono, *Hukum Komersil* (Jakarta: Pusat Penerbitan UT, 2003).

³³ Pasal 8 Undang-Undang Nomor 8 Tahun 1999 tentang Perlindungan Konsumen



The Perspective of Sharia Economic Law Principle on the Cancellation of COD Transactions

The cancellation of COD transactions by consumers on Shopee and Tokopedia applications must be carefully considered from the perspective of Islamic Economic Law. Although consumers have the right to cancel transactions under certain conditions, unilateral actions without a clear reason can harm sellers and contradict the principles of justice and benefit in Sharia. Therefore, it is important for all parties to understand their rights and obligations in every transaction to create mutually beneficial relationships.

Sharia economic law emphasizes principles that focus on justice, balance, and ethics in economic activities, while avoiding elements that harm any party in a transaction. In the context of COD transactions, there are several relevant principles, *first*, principle of sustainability and justice (Al-Adl wa Al-Ihsan), a transaction must be conducted in a way that does not disadvantage one party more than the other. In a COD system, fairness is achieved if both the business operator and the consumer adhere to the agreements made, whether related to price, product quality, or the process of canceling a transaction. Canceling a transaction by the consumer after the product has been delivered can be seen as unfair if done without a valid reason, as it may harm the business operator who has already incurred shipping costs and prepared the product inventory.

Sharia law teaches the importance of balance and fairness between business actors and consumers. The cancellation of a transaction by a consumer after delivery can be considered an unjust act if the consumer does not take into account the losses suffered by the business actor, especially the shipping costs already incurred. Therefore, Sharia encourages that in COD agreements, there should be a clear understanding regarding the consequences of transaction cancellations that benefit both parties. *Second*, the principle of honesty (Al-Sidq) and good intentions, consumers must be honest in their intentions when placing an order and should not cancel transactions without a clear reason. If consumers are committed to purchasing goods and choose the COD method, they must proceed with the transaction in good faith. Conversely, business actors must be honest in providing descriptions of the goods, prices, and the condition of the products being sold, to ensure that there is no fraud in the transaction. The principle of al-sidq requires honesty in transaction.³⁴ Consumers who cancel after the delivery of goods can be categorized as acting contrary to this principle if done without clear and fair reasons. Therefore, business actors can utilize this principle to regulate policies that promote good faith from consumers, such as providing transparent information about the consequences of transaction cancellations. *Third*, transparency, transparency is something that has no hidden intentions, accompanied by the availability of complete information necessary for collaboration, cooperation, and collective decision-making. The definition of transparency is a condition where the rules and the reasons behind the regulatory steps are free, clear, and open. The understanding of transparency is something real, clear, open, and accountable for its existence. In this context, the term transparency is emphasized more as a form of action or attitude carried out by an individual or a group of people toward parties or others who have an interest in something they are working on.³⁵ Transparency is an important aspect in Sharia economic transactions. In the COD system, all information regarding prices, shipping costs, and payment terms must be clearly disclosed before the transaction takes place. This helps to avoid uncertainties that could harm either party. *Fourth*, the principle of prohibition of gharar and maysir. In COD transactions, notifications may appear when consumers cancel orders after the goods have been shipped. This can cause unexpected losses for business operators, especially if they have already incurred shipping costs and prepared the ordered goods. Therefore, it is important for business operators to provide clear policies regarding transaction cancellations, including the costs that must be borne by consumers if they cancel the transaction after the goods have been shipped.

³⁴ Rohmatul Jannah and others, 'Perlindungan Konsumen Dalam Transaksi Syariah: Prespektif Hukum Islam', *JURNAL RISET RUMPUN ILMU PENDIDIKAN*, 4.1 (2025), 295–315 <<https://doi.org/10.55606/JURRIPEN.V4I1.4564>>.

³⁵ Rahma Yudi Astuti and Dhika Amalia Kurniawan, 'Analisis Ekonomi Islam Meninjau Praktek Transparansi Top up (Penambahan Pinjaman) Perbankan', *Proceeding of Conference on Islamic Management, Accounting, and Economics*, 2 (2019), 212–20.



In Islamic economics, transactions that contain elements of uncertainty (gharar) and speculation (maysir) must be avoided. The cancellation of transactions carried out without clarity and legitimate reasons can create uncertainty for business actors, potentially damaging business relationships. Therefore, the COD system needs to be designed in such a way as to avoid the potential for gharar, by providing certainty regarding the rights and obligations of each party in the event of transaction cancellations.

Conclusion

Legal protection for business actors is regulated in Article 6 of the Consumer Protection Act (UUPK) regarding the rights of business actors. However, this law only provides general protection for consumers, which can still cause several problems, such as consumers who act in bad faith in fulfilling their obligations, resulting in business actors not receiving their rights. In the Cash On Delivery (COD) system, both consumers and business actors have rights and obligations that need to be maintained to ensure that transactions are conducted fairly and benefit both parties.

From the perspective of Islamic economic law, the principles of justice, good faith, and the prohibition of uncertainty require transparency and clear policies regarding the cancellation of transactions. Therefore, it is important for business actors to establish terms and conditions governing transaction cancellations to protect their interests without harming consumers.

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