

Online dispute resolution in Indonesian e-commerce: Arbitration law and *shariah* consumer protection

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Abstract

This study aims to analyse the position of online dispute resolution (ODR) in Indonesian e-commerce from the perspective of arbitration law and assess its normative adequacy, considering the principles of *shariah* consumer protection. The study employs normative legal research, drawing on statutory, conceptual, and analytical approaches. Its legal materials consist of regulations on arbitration, electronic transactions, consumer protection, and digital commerce, complemented by scholarly literature on ODR, e-arbitration, and *shariah* consumer protection. The results indicate that ODR in Indonesian e-commerce has become an effective method for resolving numerous low-value consumer disputes. However, its legal and institutional status remains unsettled. The primary challenges pertain to the legitimacy of electronic consent, procedural equity in digital environments, the legal standing and enforceability of electronic results, and the indistinct demarcation between arbitration, complaint resolution, and platform-based redress. This article contributes by integrating arbitration law and *shariah* consumer protection into a single evaluative framework, thereby shifting the assessment of ODR from procedural efficiency toward substantive justice. It recommends developing a more explicit, coherent, and consumer-oriented ODR framework that strengthens transparency, informed consent, and the protection of consumers' economic rights. This study enriches the discourse on digital dispute resolution by positioning ODR as both a legal and normative site of consumer justice.

Keywords: online dispute resolution; Indonesian e-commerce; arbitration law; *shariah* consumer protection; consumer justice

Introduction

E-commerce in Indonesia has evolved from a mere alternative trading channel into a vital infrastructure within the national digital economy ecosystem (Jannah et al., 2025). This transformation has led to an increase in the volume of business-to-consumer (B2C) transactions and a high frequency of consumer disputes due to the fast, massive, and

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highly platform-dependent nature of digital transactions (Hermawan et al., 2025; Ramadhani et al., 2025). In practice, the most common disputes include items that do not match their descriptions, delivery delays, refusals or obstacles to refunds, unilateral cancellations, the use of standard clauses, and issues with proof in digital complaints (Fatakh, 2025; Hayati, 2024). At the same time, conventional litigation mechanisms tend to be slow, costly, and ill-suited to handling digital disputes that are relatively small in value but numerous, thereby creating an increasing need for mechanisms that are faster, cheaper, and more adaptable (Mubdi & Trikusrahayu, 2024). In this context, Online Dispute Resolution (ODR) emerges as both a technological advancement and a solution to the demand for justice better suited to the modern e-commerce environment (Rule, 2020; Wang et al., 2024).

Previous studies have examined ODR as an advancement of Alternative Dispute Resolution (ADR) and arbitration in the digital age. Rule (2020), for example, positions ODR as a tool that broadens access to dispute resolution through procedures that are faster, cheaper, and more flexible. In line with this, Cebola and Monteiro (2024) emphasise that the digitalisation of dispute resolution forums opens new possibilities for modernising justice, particularly through communication technology and more adaptive procedural designs. This perspective is expanded by Schmitz (2025), who positions ODR within a digital justice framework with the potential to expand access to justice in a digitised society.

In a more specific context, Łągiewska (2024) examines the impact of new technologies on arbitration, particularly regarding electronic agreements, virtual hearings, cybersecurity, and procedural integrity. Meanwhile, Dewanto et al. (2024) note that online arbitration in Indonesia continues to face issues of legal recognition and procedural validity, which hinder its effectiveness and acceptance within the legal system. At the same time, studies on digital consumer protection are also developing, emphasising transparency, security, and protection against clauses that disadvantage consumers, as seen in Chawla and Kumar's (2022) and Hayati's (2024). These studies demonstrate that ODR is an instrument for procedural efficiency, modernising access to justice, and legal adaptation to the digital environment.

Nevertheless, studies on ODR are still predominantly built from the perspective of positive law, legal technology, and procedural efficiency, so questions about how ODR protects the weaker parties have not always been central to analysis. Conversely, research on *shariah* customer protection in digital transactions is more focused on *halal-haram* transactions, contract validity, business ethics, and the strengthening of *maqasid al-*

shariah in e-commerce regulation, as seen in Herman and Anatasya (2025), Puad and Hamdi (2025), and Nilfatri et al. (2025). Thus, studies on ODR emphasise efficiency and procedural legality, while studies on *shariah* customer protection emphasise transaction ethics and public interest. Neither area of study has yet seriously examined the design of digital dispute resolution itself. As a result, it remains unclear whether the ODR mechanism in e-commerce in Indonesia is adequate solely because it is procedurally valid under arbitration law or whether it needs to be further tested against substantive consumer protection standards.

This study aims to analyse ODR's position within Indonesia's e-commerce legal framework from the perspective of arbitration law and to assess its normative adequacy in light of *shariah*-based customer protection principles. The study addresses three main questions: (1) What is the position of ODR within the arbitration and e-commerce dispute legal framework in Indonesia? (2) Which principles of *shariah* consumer protection are relevant for evaluating ODR, and (3) to what extent does ODR in Indonesian e-commerce meet standards of fair procedural and substantive consumer protection? This research contributes by endeavouring to offer an integrative interpretation between arbitration law and *shariah* consumer protection. At the same time, this study can expand the evaluation of ODR beyond procedural efficiency to substantive justice and provide a normative basis for reforming ODR design to be more consumer-centred within Indonesia's e-commerce ecosystem.

This study begins with the argument that Online Dispute Resolution (ODR) in Indonesian e-commerce is insufficient when assessed solely on the basis of efficiency, speed, and procedural validity within the framework of arbitration law. ODR is only adequate if it also guarantees the protection of consumer property, legitimate consent, procedural transparency, and the prevention of disproportionate losses, as emphasised in the principles of *shariah* customer protection. This argument aligns with studies by Rule (2020), Hayati (2024), and Namysłowska (2025), which argue that digital dispute-resolution mechanisms serve as arenas for the distribution of justice, the management of power imbalances, and the protection of weaker parties within private platform spaces. Here, ODR serves as a means of digitalising procedures and as a testing ground for whether arbitration law and *shariah* principles can be harmonised to create a legitimate and fair dispute-resolution mechanism for e-commerce consumers in Indonesia.

Literature Review

Online Dispute Resolution

Online Dispute Resolution (ODR) is an effort to use digital technology to facilitate dispute resolution in a more efficient, structured, and accessible manner, with minimal reliance on physical meetings (Alessa, 2022). However, ODR is not a single concept. Some scholars view ODR as an extension of Alternative Dispute Resolution (ADR), specifically as negotiation, mediation, or arbitration that has been transitioned to a digital format while preserving its essential nature as a non-litigious process (Rule, 2020). Meanwhile, others view it more broadly as a digital justice mechanism, as its application is no longer limited to private disputes but has been integrated into modern justice infrastructure to expand access to justice, reduce costs, and simplify procedures (Turel & Yuan, 2020). Additionally, according to Abedi et al. (2019), some regard ODR as a platform-based complaint-resolution mechanism embedded within the governance of digital platforms to handle complaints, maintain transaction trust, and reduce enforcement costs within the e-commerce ecosystem.

ODR is generally classified into four main forms: online negotiation, online mediation, online arbitration, and hybrid ODR, which combines multiple resolution stages within a single procedural sequence (Turel & Yuan, 2020). Online negotiation is when the parties communicate directly through a digital interface to speed up the exchange of positions and settlement offers (Eggeling & Versloot, 2023). Online mediation involves a neutral third party who facilitates communication and helps reach an agreement without issuing a binding decision (Zhao & Chen, 2024). Conversely, online arbitration operates on a more formal adjudicative model, as it is oriented towards a binding decision for the parties (Rule, 2020). Hybrid ODR has been extensively developed in the design of one-stop dispute resolution, as it allows disputes to be processed gradually, from negotiation to mediation, and in certain conditions to arbitration, depending on the complexity of the case (Antonopoulou, 2023).

Based on the level of institutionalisation, ODR can be divided into three forms. First, the formal form is associated with adjudicative bodies or official procedures that produce binding outcomes. Second, the semi-formal form is operated by private forums or ADR institutions with specific procedural structures but does not entirely resemble a court. Third, the platform-based dispute resolution form, which primarily functions as an instrument for redress and complaint handling within the platform's internal governance (Abedi et al., 2019).

ODR can take the form of an internal ODR platform embedded within a marketplace, a private ODR provider offering independent technology-based services, or institution-based digital arbitration conducted by established arbitration bodies or dispute resolution institutions (Sulistianingsih et al., 2023). In all these models, consent remains the foundation of procedural legitimacy, as the validity of the forum, procedures, and outcomes of ODR depends on the agreement of the parties involved (Kim, 2025). Furthermore, platform governance becomes a central issue given that many ODR mechanisms operate within private spaces shaped by standard clauses, system design, and internal platform policies (Gorwa, 2019). Developments also show an increasing role for automation and artificial intelligence, blurring the lines between administrative tools and decision-making functions, which raises concerns about accountability and the potential for bias in the outcomes produced by these systems (Alessa, 2022). Consequently, considerations of enforceability, transparency, and procedural fairness emerge as essential factors in assessing ODR, particularly in resolving digital consumer disputes marked by information asymmetry and imbalanced bargaining positions (Liu & Wan, 2023; Wang et al., 2024).

Arbitration Law and Electronic Disputes

Arbitration is a mechanism for resolving civil disputes outside the general courts, based on a written agreement between the parties. This understanding indicates that the foundation of arbitration remains rooted in consent, choice of forum, and the private nature of dispute resolution. In the digital context, the transformation lies in the communication medium, including correspondence, document submissions, evidence, hearings, and rulings, all moving into the electronic space. Therefore, e-arbitration is a procedural extension of conventional arbitration into the digital environment. However, this expansion raises new issues such as e-arbitration agreements, e-awards, cybersecurity, and data protection (Łągiewska, 2024).

This development normatively derives its basis from electronic transaction law. At the international level, electronic communication can be treated as equivalent to written form if it meets the principle of functional equivalence, thereby reducing formal barriers to electronic contracts and electronic communication in trade. In Indonesia, the Electronic Information and Transactions Law (UU ITE), last amended by Law No. 1 of 2024, also recognises electronic information and electronic documents as valid legal evidence. Meanwhile, Government Regulation No. 71 of 2019 emphasises that electronic transactions have legal consequences; agreements can be formed through electronic acceptance actions, and electronic system providers are required to provide contract

information, agreement procedures, and complaint mechanisms. Thus, the relationship between arbitration law and electronic disputes in Indonesia has indeed established a normative bridge. However, it has not yet been specifically codified in a comprehensive e-arbitration regulation.

The legal issues of arbitration in ODR can be categorised into at least four layers of problems, namely the formation of legal relationships, processes, outcomes, and institutions (Ortolani, 2021). In the stage of forming legal relationships, the main issues lie in the validity of electronic arbitration agreements, the quality of informed consent, and the position of arbitration clauses included in standard or clickwrap contracts, because digitalisation does not eliminate the need for valid consent but rather raises questions about how that consent is formed and proven within the environment of digital standard contracts (McColgan, 2025). In the process stage, the issues shift to identity authentication, the use and integrity of electronic evidence, confidentiality, cybersecurity, and guarantees of due process in virtual hearings or online communication, considering that virtual hearings and electronic communication expand efficiency while also introducing new risks to confidentiality and procedural fairness (Chen, 2024).

At the outcome stage, the central issues are the status of electronic judgements or decisions, the need for signatures and the form of documents, as well as the potential implementation or recognition of such decisions, because the practical value of arbitration remains highly dependent on the formal validity and enforceability of the e-awards produced (Ongene, 2023). At the institutional stage, the question is whether the dispute resolution mechanism within the platform can be classified as arbitration, merely as complaint handling, or if it meets the minimum characteristics of an ODR provider, given that the development of digital dispute resolution has blurred the boundaries between formal ADR, private dispute resolution, and internal platform governance (Dewanto et al., 2024).

In Indonesia, institutional development progresses gradually. BANI has permitted electronic arbitration since 2020 and, in August 2024, launched BANI Online Dispute Resolution. However, the framework for recognising ODR in Indonesia is not yet fully explicit. At certain stages, arbitration documents must still be submitted in physical form or with a verified digital signature. This indicates that the main challenge is not only the absence of digital practices but also the lack of synchronisation between arbitration law, electronic transaction law, and the institutional design of digital dispute resolution in Indonesia.

Shariah Consumer Protection

In a narrow sense, *shariah* consumer protection concerns formal compliance with halal labels or the validity of contracts (Nazari et al., 2023). However, this thinking has now shifted to a broader perspective: *shariah* consumer protection is a normative framework that treats the consumer as a subject whose rights, interests, and economic dignity must be substantively protected (Mohd Shukri et al., 2024). This shift occurs through intensive analytical reading of consumer protection from the *maqasid al-shariah* perspective, thereby shifting the focus from the mere legality of transactions to the assurance of justice, transparency, benefit, and the prevention of harm in digital market relations.

Within this framework, *shariah* consumer protection is a normative mechanism that ensures that digital transactions and services are not only legally valid but also aligned with the objectives of *shariah*, which aim to preserve public interest and prevent exploitation (Puad & Hamdi, 2025). Therefore, in the context of e-commerce, *shariah* consumer protection serves as a standard for evaluating the fairness of processes and outcomes, as well as assessing how consumers are provided with information, how consent is formed, how risks are allocated, and how remedies are offered when disputes arise (Huda, 2025).

Several principles elucidate the concept of *shariah* consumer protection in e-commerce disputes. First, *hifdz al-mal* demands genuine protection of consumers' assets and economic interests, so transaction mechanisms and dispute-resolution processes must prevent the reduction of rights, the withholding of funds, or disproportionate compensation (Nilfatri et al., 2025). Second, the principles of *al-'adl* and *tawazun* require a balance of the parties' positions, so standard clauses, platform design, and digital procedures must not create unilateral dominance that disadvantages consumers. Third, the principle of mutual satisfaction (*al-taradhi*) necessitates informed consent, meaning that consumer approval must be based on sufficient, understandable information and not built on ambiguity or hidden coercion (Puad & Hamdi, 2025).

Fourth, the prohibition of *gharar* emphasises the importance of clarity regarding the object, procedures, costs, and legal consequences so that the opacity of algorithms, unclear forums, or vague complaint mechanisms can be viewed as problematic from the perspective of *shariah* consumer protection (Asyiqin & Auliarizky Oniella, 2025). Fifth, the principle of *la darar wa la dirar* demands that digital systems do not create additional harm, access barriers, or procedural imbalances that weaken the consumer's position in asserting their rights (Isah et al., 2026). In the context of online transactions, these

principles can also be enriched by the concept of *khiyar* as a corrective or remedial right, namely the right to continue, cancel, or demand improvements when the transaction does not meet legitimate expectations (Nuraini & Kurniawan, 2024). Therefore, *shariah* consumer protection is a normative-operational framework relevant to evaluating the design of ODR, particularly regarding refunds, standard clauses, procedural transparency, and the legitimacy of digital decisions in e-commerce.

Method

This research is a normative legal study with three complementary approaches: the legislative approach to examine the applicable normative basis; the conceptual approach to develop analytical tools for ODR and *shariah* consumer protection; and the analytical approach to test points of tension between procedural efficiency, legal validity, and consumer rights protection. The units of analysis in this study contain legal norms, concepts, and institutional practices related to digital dispute resolution in Indonesian e-commerce. The primary focus of this research is on three areas: the legal framework for arbitration and alternative dispute resolution; the regulation of electronic transactions and evidence; and the principles of *shariah* consumer protection relevant to assessing procedural and substantive justice in ODR.

The legal materials in this research consist of primary and secondary legal sources. Primary legal sources include legislation related to arbitration, electronic transactions, consumer protection, and the administration of electronic systems. Secondary legal sources encompass journal articles, academic books, institutional reports, and scholarly works discussing ODR, e-arbitration, electronic contracts, platform governance, and the principles of *shariah* in consumer protection. Data collection in this study was conducted through document studies and a systematic literature review. The first stage involved inventorying relevant norms in arbitration law, electronic transaction law, and consumer protection law. The second stage focused on reviewing the current literature to map the conceptual development of ODR, the legal issues surrounding arbitration in the digital environment, and the principles of consumer protection based on *shariah*. The third stage involved identifying relevant platform documents to illustrate how digital dispute resolution is carried out administratively and privately in e-commerce practices.

The legal materials are analysed qualitatively using the normative-prescriptive analysis technique. The analysis begins by classifying legal issues concerning ODR into aspects of the formation of legal relationships, processes, outcomes, and institutions. Then, each issue is tested against the legal frameworks of arbitration and electronic

transactions to assess its validity and normative limitations and is subsequently re-evaluated using principles of Shariah consumer protection, such as *hifdz al-mal*, *al-'adl*, *al-taradhi*, the prohibition of *gharar*, and the maxim *la darar wa la dirar*. Through these stages, this research aims to map the legal problems of ODR in Indonesian e-commerce and also to formulate an argumentative basis for a more just, transparent, and consumer-protection-oriented harmonisation model.

Results and Discussion

The Normative and Institutional Position of ODR in Indonesian E-Commerce

The growth of e-commerce in Indonesia has increased the volume of business-to-consumer (B2C) transactions while also increasing the number of small-value, high-frequency disputes, particularly those related to goods not matching, refunds, and digital evidence verification (Mubdi & Trikusrahayu, 2024). Such dispute patterns within ODR constitute the primary environment for online dispute resolution, as conventional mechanisms tend to be inefficient for low-value, high-volume, and anonymous online disputes, which necessitate the development of tailored ODR processes that can effectively address these specific challenges (Liu & Wan, 2023). Factually, ODR in Indonesian e-commerce emerged as a necessity for transaction governance and the maintenance of platform trust, rather than as an expansion of formal arbitration (Hermawan et al., 2025).

The position of ODR in Indonesia, normatively, has not yet been established on a specific foundational framework but relies on a combination of arbitration, electronic transactions, and trade through electronic systems (Haryanto & Sakti, 2024). This framework indeed opens up space for electronic dispute resolution, but it is not yet detailed enough to regulate procedural standards, institutional models, and mechanisms for comprehensive oversight of ODR. At the institutional level, BANI has implemented electronic arbitration since 2020 and launched BANI ODR in 2024, but these developments are still closer to institutional arbitration than to everyday consumer dispute-resolution mechanisms on marketplaces.

From an institutional practical perspective, due to the lack of systematic integration between the marketplace, the Consumer Dispute Settlement Agency (BPSK), and a national ODR scheme, the internal mechanism of the platform in practice becomes the first point of reference and often the last for many consumers (Fikri & Sugiyono, 2025). This condition indicates that ODR in Indonesian e-commerce currently functions as a platform-based dispute resolution through complaint, refund, and internal administrative adjudication features, but has not yet fully transformed into arbitration or

a public ODR with adequate avenues for appeal, oversight, and external legitimacy (Hermawan et al., 2025). In other words, the normative and institutional position of ODR in Indonesia remains stronger *de facto* than *de jure* because, in practice, it has become embedded within the platform ecosystem, but its legal framework has not yet fully consolidated the relationship between private complaint handling, consumer protection, and formally recognised dispute resolution (Haryanto & Sakti, 2024).

Arbitration Law Challenges in ODR: Formation, Process, Outcome, and Institutional Status

In the formation stage, the main challenge for arbitration law within the ODR ecosystem centres on the debate over whether agreements with the dispute resolution forum constitute informed consent or merely a form of blanket assent in digital standard contracts (Kim, 2025). In the reality of e-commerce, dispute resolution clauses are systematically embedded in terms of service, clickwrap agreements, and other adhesion contracts. While this mechanism may meet the elements of agreement, its validity is fragile because consumers rarely read, have no negotiation space, and do not understand the legal consequences of such clauses (McColgan, 2025).

According to Kim (2025), the validity of electronic arbitration agreements must be measured by the quality of the agreement that authorises the transfer of disputes from public to private jurisdiction. The Indonesian context amplifies this problem. Although digital correspondence in arbitration is gradually being accommodated, explicit legal recognition of ODR as a standalone arbitration entity has not yet been recognised in the existing regulatory regime (Dewanto et al., 2024). As a result, at the level of establishing legal relationships, the crucial issue is whether the digital agreement engineered by the platform is sufficiently authentic, conscious, and fair to generate convincing legitimacy.

Entering the stage of process and outcome, the focus of the challenge shifts to procedural integrity and the validity of the execution. The digitalisation of arbitration has undeniably accelerated efficiency through e-filing, virtual hearings, and the extension of electronic evidence (Łągiewska, 2024). However, this efficiency is overshadowed by serious problems concerning identity authentication, cybersecurity resilience, data privacy, and the guarantee of due process of law, especially in courts that conduct proceedings entirely remotely. According to Chen (2024), the urgent nature of security protocols and rigid procedural rules must be recognised so that process simplification does not compromise the rights of parties defending their cases. These high-risk challenges continue through to the decision stage (outcome).

The practical significance of an arbitration ultimately hinges on the recognition that the digital adjudication result can be acknowledged as a valid arbitral award and may be enforced either voluntarily or compulsorily. In fact, many arbitration institutions still hesitate to release purely electronic arbitral awards (Ongenaë, 2023). This reluctance is not rooted in technological limitations but rather in legal uncertainties and the traps of formalities that still hinder the enforcement of conventional arbitral awards, such as differing national laws and the lack of a unified framework for recognising electronic awards. Therefore, the main dilemma for ODR in this dimension is reconciling the competing values of efficiency, procedural fairness, and legal enforceability within a single system.

The complexity of these challenges peaks at the institutional status stage, where the distinctions between pure arbitration, complaint handling, and platform-based dispute resolution become increasingly blurred. The current landscape of digital dispute resolution is highly fragmented, ranging from independent ADR service providers to embedded dispute-resolution algorithms within marketplaces to structured forums that produce legally binding decisions. Indonesia has yet to address this global fragmentation by establishing a robust national institutional structure. Although initiatives such as BANI ODR emerged in 2024, empirically, marketplace consumer dispute resolution still predominantly relies on platform-administrative procedures rather than transforming into publicly recognised institutional arbitration (Dewanto et al., 2024).

Although current international instruments, such as the United Nations Commission on International Trade Law (UNCITRAL) Technical Notes, can indeed be adopted as procedural soft law, they do not possess the capacity to substitute the urgent need for national legislation that definitively regulates the status, procedures, and enforceability recognition of ODR. In conclusion, the institutional crisis of ODR in Indonesia stems from its ambiguous position: it operates effectively and widely as a private administrative instrument but fails to consolidate as a dispute-resolution or arbitration regime with solid institutional legitimacy.

Shariah Consumer Protection as an Evaluative Lens for ODR

Consumer protection in digital transactions is insufficient if grounded solely in positive law. Thus, a more substantive normative framework is needed to interpret justice in e-commerce and its dispute resolution. Herman and Anatasya (2025) specifically emphasise that *maqasid al-shariah* can serve as a philosophical foundation for online consumer protection because it places justice, welfare, and transparency as inseparable elements of digital transaction regulation. In the same vein, Puad and Hamdi (2025) argue

that adequate digital consumer law must not only be legally valid but also aligned with *maqasid al-shariah*, particularly in maintaining trust, fairness in exchanges, and balance among platforms, business actors, and consumers. Meanwhile, Nilfatri (2025) indicates that the objectives within *maqasid al-shariah*, particularly *hifdz al-mal*, *hifdz al-nafs*, and *hifdz al-'ird*, closely align with the aims of consumer protection in electronic transactions, including protection against economic losses, a sense of security, and the dignity of users. Therefore, at the normative data level, shariah-based consumer protection serves as an evaluative device to assess whether an ODR mechanism genuinely protects consumers fairly and effectively.

Table 1.
Shariah Consumer Protection Principles as Evaluative Standards for ODR

Shariah Principle	Meaning	ODR Evaluation Standard	Consumer Protection Implication
<i>Hifdz al-mal</i>	Protection of property/economic rights	Refund, escrow, compensation, recovery mechanism	ODR must restore consumer losses, not merely close complaints
<i>Al-'adl / tawazun</i>	Justice and balance	Balanced access, non-unilateral procedure, fair burden of proof	Platform dominance must be limited
<i>Al-taradhi</i>	Genuine consent	Clear consent to the dispute forum, procedure, and legal consequences	Clickwrap consent must be informed
Prohibition of <i>gharar</i>	Avoidance of uncertainty	Clear rules, costs, evidence standards, and decision basis	Consumers should not face opaque procedures
<i>La darar wa la dirar</i>	No harm and no reciprocal harm	No hidden cost, delay, access barrier, procedural burden	ODR must not create new harm

Note. The evaluative indicators are formulated by integrating arbitration law, electronic transaction law, and *maqasid*-based consumer protection, with emphasis on substantive consumer justice rather than procedural efficiency alone. *Source:* Author analysis (2025).

When broken down into more operational evaluative elements, the first and most prominent principle is *hifdz al-mal*, as e-commerce disputes generally concern funds, goods, compensation, and the recovery of consumers' economic rights (Herman & Anatasya, 2025). In the context of ODR, this principle demands that mechanisms for refunds, escrow, transaction proof, and loss recovery are designed to genuinely protect consumers' economic rights, not merely to close complaints administratively (Nilfatri et al., 2025). The second principle is *al-'adl* and the balance of the parties' positions, which

requires that digital forums are not structured in ways that reinforce platform or business actor dominance through standard clauses, unilateral procedures, or limited consumer access (Ahdian et al., 2026).

The third principle is *al-taradhi* in informed consent, which requires that consumer approval of digital dispute procedures, return conditions, and forum choices must stem from sufficient, understandable information that is not concealed within the contract design or platform interface (Fitri & Pratama, 2023). The fourth principle is the prohibition of *gharar*, which becomes relevant when complaint procedures, standards of proof, basis for algorithmic decisions, or settlement outcomes are not adequately explained to users, thereby creating uncertainty that harms consumers (Herman & Anatasya, 2025). The fifth principle is the legal maxim *la darar wa la dirar*, which requires that ODR not create additional harm in the form of access barriers, hidden costs, disproportionate delays, or unbalanced burdens of proof for consumers (Puad & Hamdi, 2025).

Within this framework, shariah consumer protection provides a more substantive evaluative lens than merely testing the formal validity of ODR procedures. While arbitration law and electronic transaction law assess whether forums, procedures, and digital documents can be legally recognised, the shariah approach encourages a deeper question: whether the design of ODR truly safeguards property, ensures justice, facilitates informed consent, and prevents systemic harm to consumers. Therefore, the legitimacy of ODR in Indonesian e-commerce should not be based solely on efficiency, speed, or the digitalisation of procedures, but also on its ability to provide effective remedies, transparent procedures, and accountable platform governance from a consumer protection perspective (Ahdian et al., 2026). Essentially, *shariah* consumer protection functions as an evaluative framework for assessing substantive justice in the platform economy.

Why Procedural Efficiency Alone Is Not Enough

ODR indeed exists as a response to e-commerce disputes of small value, numerous in number, and that demand quick, inexpensive, and easily accessible resolution. However, digitalisation does not automatically align efficiency with justice. On the contrary, the tension between the two is reproduced in the design of procedures, platform governance, and technology that determine how disputes are processed and decided (Katsh & Rabinovich-Einy, 2017). Onğanu and Tjong Tjin Tai (2025) emphasise that technology can indeed reduce the costs and time of dispute resolution. However, these benefits are often offset by the emergence of new risks, such as reduced transparency,

limited opportunities to be heard, and increasing disparities in bargaining power among the parties. Therefore, procedural efficiency in ODR cannot be the sole measure of justice. The speed of resolution or high case closure rates may actually conceal more substantive issues, such as superficial consent, unequal relationships, and fragile fairness for consumers in digital forums (Rule, 2020).

This issue becomes more apparent when ODR is viewed as part of private and unbalanced platform governance. The platform is not only a provider of technical infrastructure but also a determinant of access, an organiser of interactions, and a shaper of non-price rules that can directly influence users and cause harm to consumers (Peitz, 2025). On a more structural level, platforms build market dependence through network effects, data, and the legitimacy of their business models, thereby gaining a stronger bargaining position in setting rules and delaying regulatory intervention (Sáenz-Leandro & Fernández-Ardèvol, 2024). In the context of digital consumer protection, Namysłowska (2025) adds that the main problem in digital markets is not only the lack of regulations but also structural imbalances and behaviours, exacerbated by algorithmic opacity, manipulative design, and a still fragmented consumer protection system. Therefore, the issue of ODR cannot be reduced to a technical matter of digitising procedures, as fundamentally it is also a matter of power distribution, control over processes, and access to justice within the private space managed by the platform.

Compared to the tendency to adopt a pro stance towards ODR, the issues above actually reinforce the view that claims about accessibility and cost reduction need to be complemented with more serious criticism of platform governance and the protection of vulnerable parties. According to Rule (2020) and Ramadhani et al. (2025), it is indeed appropriate to assess that ODR can expand access to justice and offer more efficient resolutions for digital disputes. However, expedited dispute resolution forums are not necessarily fair if their design limits consumer understanding, excessively filters disputes, or fails to guarantee fair outcomes (Onțanu & Tjong Tjin Tai, 2025).

In response to this, Moultotos (2025) emphasises that party autonomy in dispute resolution agreements often needs to be supervised because it can become a means of exploitation against weaker parties, especially when such clauses are embedded in standard contracts. The same critique is raised by Chawla & Kumar (2022), who argue that mandatory arbitration can negatively affect individuals in a weaker bargaining position by limiting or closing their access to public forums. Therefore, arbitration law indeed provides procedural aspects concerning agreements, forums, and awards. However, it does not inherently address more substantive questions about how

consumers, as the weaker party, can be effectively protected within the platform-controlled ODR ecosystem.

Why *Shariah* Consumer Protection Matters for Reconstructing ODR

The principles of Islamic law have broadened the horizon for evaluating ODR by shifting the question from whether digital procedures are formally legitimate to whether the mechanism truly embodies justice, public interest, and transparency for consumers (Herman & Anatasya, 2025). Islamic law mandates protection for consumers both procedurally, substantively, and ethically. Consumers must be protected from formal defects, transaction design flaws, and dispute resolution processes that are materially or morally detrimental (Islam et al., 2025). Therefore, a legitimate ODR is not necessarily fair, as the validity of the forum, documents, or consent clicks does not automatically guarantee that consumers receive fair treatment, sufficient information, and effective remedies (Nilfatri et al., 2025). A fair ODR requires standards that go beyond formal validity, namely standards that assess the quality of protection, the balance of relationships, and the outcomes produced by the digital procedure itself.

In the *maqasid al-shariah*, the principle of *hidz al-mal* demands tangible protection of consumers' economic rights; therefore, the ODR mechanism must be capable of safeguarding funds, providing compensation, and restoring rights to resolve disputes administratively (Puad & Hamdi, 2025). At the same time, the principle of *al-taradhi* requires genuinely informed consent, as consent requires a proper understanding of the contractual consequences, data processing, and the choice of dispute-resolution forum (Budiman, 2025). The principle of prohibition of *gharar* calls for clarity and transparency, as uncertainty arising from vague clauses, opaque platform arrangements, or inadequate procedural explanations can undermine informed consent and increase consumer vulnerability in the digital market (Fitri & Pratama, 2023). In line with these principles, the legal maxim of *la darar wa la dirar* requires preventing systemic harm, so the ODR must be designed to reduce access barriers, hidden costs, informational confusion, and procedures that place the burden of proof on consumers (Malasari et al., 2026). In other words, these *shariah* principles demonstrate that the issue with ODR is not only the absence of a forum but also the quality of protection the forum provides to the weaker party.

The discussions regarding digital transactions and *shariah*-based consumer protection have focused more on contracts, product compliance, and general digital transaction regulations. Therefore, the principles of *shariah* serve as a foundation for evaluating the design of digital dispute resolution (Aqmal et al., 2025). Although many

recent discussions have begun to link *maqasid al-shariah* with digital consumer protection, algorithmic transparency, and e-commerce regulation reform, attention to ODR as a forum for evaluating procedural justice remains relatively limited (Herman & Anatasya, 2025). From this point, there is a need to move principles such as *hifdz al-mal*, *al-taradhi*, the prohibition of *gharar*, and the legal maxim *la darar wa la dirar* from the realm of transaction ethics to the realm of institutional and procedural evaluation of ODR. Therefore, the necessity for an ODR model that harmonises arbitration law and Shariah consumer protection arises not from a desire to add *shariah* symbols into the digital system, but from a normative need to ensure that the efficiency of dispute resolution aligns with substantive justice for consumers.

Conclusion

Online Dispute Resolution (ODR) in Indonesian e-commerce has evolved as a practical mechanism for handling high-volume, low-value consumer disputes. However, its normative and institutional status remains unsettled within the framework of arbitration law. The analysis indicates that the main challenges lie in the formation of valid electronic consent, the protection of procedural fairness in digital settings, the legal status and enforceability of electronic outcomes, and the unclear institutional boundary between arbitration, complaint handling, and platform-based redress. At the same time, the study demonstrates that ODR cannot be adequately assessed solely on procedural efficiency. Through the lens of *Shariah* consumer protection, particularly the principles of *hifdz al-mal*, *al-'adl*, *al-taradhi*, the prohibition of *gharar*, and the maxim *la darar wa la dirar*, ODR must also be evaluated based on its capacity to protect consumers' economic rights, ensure genuine consent, provide transparent procedures, and prevent disproportionate harm. On that basis, this article recommends developing a more explicit, coherent, and consumer-oriented ODR framework in Indonesia, one that clarifies the legal standing of digital dispute resolution, strengthens transparency and informed consent standards, and integrates arbitration law, consumer protection law, and digital commerce regulation more systematically.

The legitimacy of ODR should not be reduced to formal validity or technological adaptability, because a procedurally valid mechanism may still fail to deliver substantive justice for consumers. The main contribution of this article, therefore, lies in its effort to integrate digital arbitration law and *shariah* consumer protection into a single evaluative framework, thereby shifting the discourse on ODR from procedural modernisation toward substantive fairness and the protection of weaker parties in platform-based dispute resolution. The strength of this approach is that it enables ODR to be read not

merely as a technical dispute-resolution tool but as a normative site where legality, justice, and consumer vulnerability intersect. Nevertheless, this article remains limited by its normative orientation and reliance on legal and doctrinal materials, without undertaking an empirical investigation into how ODR is experienced in practice by consumers, platforms, or dispute resolution bodies. Future research can therefore extend this study through socio-legal or empirical inquiry, comparative analysis across jurisdictions, and institutional design research on how a *shariah*-sensitive and legally credible ODR model can be operationalised within Indonesia's digital marketplace ecosystem.

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