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Transformation Resulting From The Digital Transition and Disputes Over
The Implementation of Digital Legal Contracts in Indonesia
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Article	Abstract
<p><i>Received: Des 02, 2025; Reviewed: Jan 07, 2026; Accepted: Feb 09, 2026; Published: Feb 26, 2026</i></p>	<p><i>To provide certainty, legal regulations can be formulated to guarantee the protection of the rights and interests of the community in the face of rapid technological change. Through an in-depth study of primary and secondary legal sources, this study explains the legal phenomena related to digital transformation in Indonesia. This study utilizes primary legal materials, particularly related laws and regulations, to understand the legal basis for the formation of laws in response to digital transformation. Legal philosophy plays a crucial role in articulating the concept of justice within the legal system. This concept serves as a guideline for the formation of laws that must evolve in line with societal developments. In the context of the development of digital technology in Indonesia, the importance of progressive regulations is crucial. These regulations must provide clear guidelines for the use of digital technology so that its benefits can be obtained and its negative impacts can be minimized. Thus, legal philosophy is an important foundation in creating legal conditions that are in line with current developments. Legal philosophy provides a deep understanding of the concept of justice and how it should be reflected in the applicable legal system. Because law is experiencing very rapid development, so too are the various problems that exist and are often encountered, especially in the current digital era.</i></p> <p>Keywords: <i>Digital Transition; Disputes; Implementation Digital Contracts;</i></p>

A. INTRODUCTION

The development of digital technology has brought about major changes in various aspects of life, including the way people conduct transactions and draft agreements. Contracts, which were initially always physical and signed in person, have now been digitized, allowing parties to enter into agreements through electronic devices with greater efficiency and flexibility. This transformation has not only changed the way transactions are conducted but also affected the legal aspects of contracts, which must adapt to meet the needs of fast and cross-border digital transactions. Digital or electronic contracts allow parties to easily enter into agreements without having to meet physically. These contracts are widely used in e-commerce, digital platforms, and various other online services. However, this change also presents new challenges, particularly regarding legal certainty in digital transactions. Some of the main aspects that require attention in digital contracts are electronic consent, data security, privacy protection, and determining the applicable law in various jurisdictions.

For example, widespread negative or unethical content on social media can significantly influence people's behavior and social standards. This kind of content may strengthen or even damage the moral values that have been implemented in society. Apart from that, shortcomings in technological development can also change an individual's morals and character. Phenomena such as increased cases of bullying, inappropriate sexual behavior, online violence, fraud, doxing and hacking are some examples of the negative impacts of the use of technology that is not well managed. To overcome the negative impact of digital transformation on public morality, the government must be ready to follow technological developments by making regulations that not only respond to, but also guide technological development positively. Responsive regulation is needed to ensure that technology provides productive benefits to society, while also reducing the risk of deviation. First, the government needs to develop regulations that ensure that content spread on social media complies with established moral standards. This can include limiting or monitoring content that has the potential to damage public morality, as well as providing sanctions for violations committed by platforms or individuals.

Adapting contract making techniques in the digital era is very important in order to create strong and legally binding agreements. Digital contracts must be drafted by considering the unique aspects of online transactions and still prioritizing applicable legal principles, such as good faith and freedom of contract. These principles provide a foundation for parties to carry out transactions with a sense of security and certainty. Apart from that, arrangements regarding storing proof of transactions also need to be considered so that every step in the contract creation process can be tracked and proven if necessary. Adapting contract making techniques in the digital era is very important in order to create strong and legally binding agreements. Digital contracts must be drafted by considering the unique aspects of online transactions and still prioritizing applicable legal principles, such as good faith and freedom of contract. Apart from that, arrangements regarding storing proof of transactions also need to be considered so that every step in the contract creation process can be tracked and proven if necessary. In making digital contracts, covering aspects of electronic agreement, privacy protection, data security, and determining applicable law.

The autonomy provided by smart contracts signifies a significant transformation in the realm of contracts and agreements. Smart contracts facilitate more autonomy for the involved parties by automating contract execution via computer code on blockchain technology. Primarily, smart contracts liberate the parties from the necessity of traditional intermediaries, including notaries and financial institutions. The elimination of intermediaries decreases the expenses and duration often linked to traditional contract procedures. Parties can engage in direct communication and transactions without the need for intermediaries, offering unparalleled flexibility and rapid implementation. (Hukum et al. 2025)

Contracts made electronically still refer to the Civil Code and Law No. 11 of 2008 concerning Electronic Information and Transactions. The provisions regarding e-contracts are only limited to the definition contained in Article 18 paragraph (1) of the ITE Law. Meanwhile, the evidence in the law applicable in Indonesia adheres to the provisions of the Civil Code Article 1866, in the form of written evidence, evidence with witnesses, allegations, confessions and oaths. The concept of grouping evidence into written evidence is not known in Indonesia. This article divides the various types of written/letter evidence only into ordinary letters, authentic and private deeds. So the regulation does not create new evidence, but rather expands the scope of evidence. This is the same as the opinion. (Winfernando 2023)

B. MATERIALS AND METHODS

The Materials and Methods should be described with This research uses a normative legal research method with three main approaches: comparative, conceptual, and legislative. The

comparative approach is used to compare legal aspects of various cases or legal systems. Using a conceptual approach, legal concepts related to the research topic are developed. Data analysis was conducted descriptively and qualitatively using a descriptive-analytical approach.

The purpose of this approach is to provide a comprehensive overview of specific legal events in society. The research specification uses a descriptive analytical approach, where the information obtained is used to describe legal events in order to gain a comprehensive understanding. The analysis is conducted by applying relevant rules, allowing the researcher to describe and analyze legal aspects related to the research topic. This approach ensures that the research provides a comprehensive and fundamental overview of the legal issues being studied.

C. RESULT AND DISCUSSION

Agreements from the Perspective of Developments Due to the Digital Transition in Indonesia, Their Implementation and Legal Consequences

This section may be divided by subheadings. It should provide a concise and precise description of the experimental results, their interpretation, as well as the experimental conclusions that can be drawn. Authors should discuss the results and how they can be interpreted from the per-spective of previous studies and of the working hypotheses. The findings and their impli-cations should be discussed in the broadest context possible. Future research directions may also be highlighted.

A contract is an agreement (promise) agreed to by two or more parties that can create, change, or invalidate a legal relationship. According to the Civil Code, an agreement or contract is an agreement between one or more people, which binds one or more people (Article 1313 of the Civil Code).(Sidauruk, Purba, and Karo-karo 2024) Furthermore, the development of digital technology has also presented new challenges in contract law. The use of electronic contracts, smart contracts, and digital cross-platform transactions has transformed the way businesses draft and enter into contracts. While this technology offers efficiency, from a legal perspective, the validity and verification of digital contracts are not yet comprehensively regulated in many national legal systems, including Indonesia. Regulatory unpreparedness for contract digitization creates legal uncertainty regarding the verification process, the validity of electronic signatures, and the protection of personal data in cross-border contractual relationships.(Muslim, Handayani, and Hadiyanto 2025)

Before the enactment of Law Number 27 of 2022 concerning Personal Data Protection (UU PDP), Indonesia was in a situation that was almost like a "no man's land" in terms of personal data protection. The absence of a complete and integrated national legal umbrella meant that protection of personal data depended only on fragmented sectoral regulations, such as in the banking, telecommunications, and health sectors. Each sector has its own provisions, but none of them cover the issue of data protection comprehensively. This condition creates a gray area in the practice of personal data protection and complicates the law enforcement process when violations occur. This legal uncertainty opens up great opportunities for data misuse by corporations and third parties without a clear accountability mechanism. In fact, state institutions often experience data leaks, which ironically are not accompanied by adequate accountability. In a climate like this, the right to individual privacy as part of human rights seems to be ignored, and citizens lose control over their own personal information.(Toyi, Zachra, and Hamidun 2025)

In the digital era, the nature of contracts between service providers and users has transformed significantly, primarily through the rise of electronic agreements, or e-contracts, which revolutionize business transactions by fostering a more interconnected and efficient ecosystem tailored to consumer needs. Digital technologies facilitate collaboration among businesses, consumers, and partners, enhancing market reach and accelerating transaction

processes. E-contracts offer numerous advantages, including improved accessibility, efficiency, and rapid execution of transactions. Various forms of digital contracts exist, such as click-wrap agreements, where users consent to terms by clicking an acceptance button; browse-wrap agreements, which imply agreement through use; shrink-wrap agreements, commonly applied in software licenses; smart contracts based on blockchain technology, which execute automatically when conditions are met; and terms of service and privacy policies that outline usage terms and data protection measures. In Indonesia, the legal recognition of electronic contracts is established under Law Number 11 of 2008 on Electronic Information and Transactions, provided they meet the criteria for valid agreements outlined in Article 1320 of the Civil Code. Legal protection is crucial to ensure that service providers can meet customer needs while upholding contract terms, promoting transparency and trust in transactions, as mandated by Law No. 8/1999 on Consumer Protection. This law grants consumers rights to compensation when goods or services deviate from agreed terms, emphasizing the importance of mutual consent as stipulated in Article 1338 of the Civil Code. Although the term "contract" is familiar to the public, its legal understanding remains simplistic, largely defined within the Civil Code, particularly in Book III. The concept of a contract, stemming from "engagement or agreement," is enshrined in Article 1313, which defines consent as an agreement where one or more parties promise to another. However, this formulation has been criticized for its incompleteness and breadth; it focuses solely on unilateral consent and includes vague terminology that encompasses various actions beyond mere agreement. (Hafizh, Anggraeni, and Rungsimanop 2023)

According to Johannes Gunawan, all contracts made digitally, including the contract designed and distributed through website by one side of the contract maker (can be by business actors) to be digitally closed by consumers, refer to as electronic contracts. Meanwhile, according to Edmon Makarim, the use of the term online contract in an electronic contract (e-contract) can be interpreted as a legal relationship carried out electronically by integrating computer-based information system and telecommunication-based information system which can later be facilitated by the existing computer network, namely the global internet (network to network), (Sulistiyowati 2020) The normative argument becomes stronger when linked to the principle of the social function of agreements, which states that contracts must provide benefits and protection for the parties in society. Subekti, a civil law expert, emphasizes that agreements are not merely about form, but about an agreement of wills that gives rise to legal consequences.²¹ This opinion shifts the focus from physical formalities to the substance of the legal relationship: as long as there is an agreement (consensus), a clear object, and a lawful cause, the agreement has binding force. From this perspective, digital agreements through marketplace checkouts, sending invoices, or electronic signatures are not merely a series of technical actions, but an explicit manifestation of an agreement of wills that fulfills the elements of Article 1320 concerning the agreement of the parties. (Hamdan 2025)

The modern era presents new challenges that push the boundaries of traditional contract law. One major issue is globalization, which has expanded contractual relationships beyond national borders. Multinational corporations, international supply chains, and e-commerce platforms operate across diverse legal frameworks, raising concerns about jurisdiction, applicable law, and enforcement. Instruments like the United Nations Convention on Contracts for the International Sale of Goods (CISG) have attempted to harmonize cross-border contractual rules, but significant differences between common law and civil law traditions persist. (Farrokhi 2025) The integrated findings have several implications for policymakers, legal practitioners, and scholars. From a policy perspective, the harmonization of international contract standards, as advocated by Koellner. (School of Business & Management, Lincoln University College, Malaysia, 2025) Lawrence M. Friedman interprets contract law as the only legal device to arrange aspect certain from the market and regulate type agreement certain. That is, contract law

is a legal rule relating to the implementation of an agreement or agreement.(Wendra 2024) Indonesia faces challenges in resolving disputes involving offshore entities, highlighting the need for a more robust legal framework to effectively manage these cross-border agreements.(Sulaiman, Pakpahan, and Putra 2023) The harmonisation of environmental agreements is also closely related to the issue of sovereignty, especially regarding natural resources. As a developing country, Indonesia faces a dilemma when it has to adjust its national policies to global instruments that are often designed by developed countries. There are concerns that international obligations could become an economic burden, for example in the form of restrictions on fossil fuel-based industries or reductions in deforestation that could hamper development. However, at the same time, without commitment to international agreements, environmental damage will worsen and harm Indonesia itself.(MANAGEMENT , AND DIGITAL ADAPTATION IN THE CONTEXT OF NATIONAL AND 2025)

Electronic contracts in Indonesia were first formally recognized in Law No. 11 of 2008 on Information and Electronic Transactions (ITE), which was updated by Law No. 19 of 2016. The ITE Law serves as the primary legal framework for electronic transactions in Indonesia. One of its key provisions is the recognition of electronic signatures as legally valid and equivalent to traditional signatures, provided they meet the legal requirements. Article 11 of the ITE Law specifies that an electronic signature is valid in an electronic contract if it guarantees the authenticity and integrity of transaction data, thus ensuring the legal validity of the electronic transaction.(Law et al. 2025) The findings of this research reveal a fundamental need for conceptual reform within the Indonesian civil law system to adequately address the complexities of modern electronic transactions. The Civil Code, which is inherently general and premised on physical transactions, is ill-equipped to assess performance in a virtual environment. For example, in digital access transactions, the classical notion of “delivery of goods” must be reinterpreted to encompass “provision of licensed access” or “activation of access rights” via specific digital systems. Furthermore, the traditional element of fault (*schuld*)—typically associated with *mens rea* or individual negligence—is no longer sufficient in the digital context. Fault must now encompass systemic failures, algorithmic inefficiencies, and data security breaches that are intrinsic to digital platforms. These developments necessitate a broader interpretation of contractual responsibility in order to account for the technological infrastructure involved in digital transactions.(Ibrahim and Fenanlabir 2025)

Comparison of Malaysia and Singapore on the Civil Legal Status of Digital Contracts

In Indonesia, trade disputes are commonly resolved through either litigation or non-litigation mechanisms. However, litigation is often perceived as time-consuming and costly. Consequently, disputing parties increasingly prefer non-litigation methods, such as arbitration. Traditional arbitration, though effective in conventional contexts, is considered less suitable for resolving disputes arising from online or e-commerce transactions due to the unique characteristics of digital trade, including cross-border elements, electronic communication, and the need for rapid resolution. This has highlighted the necessity for adapting dispute resolution mechanisms to the digital era, ensuring that they are efficient, flexible, and capable of addressing the specific challenges posed by e-commerce.(Jaya, Sebelas, and Surakarta 2024)

The basis of civil law in Indonesia itself refers to the Civil Code, but is not limited to the Civil Code alone, but there are still many other regulations governing civil law. Examples are Law No. 5 of 1960 concerning Basic Agrarian Principles, Law No. 11 of 2020 concerning Job Creation, Law No. 1 of 1976 concerning Marriage, Law No. 40 of 2007 concerning Limited Liability Companies and many other laws that regulate the *Lex Specialis* of the Civil Code. In short, the Civil Code itself is no longer relevant and outdated (Dumgair, 2016). However, that is the essence of law as the adage *Het Recht Hink Achter De Feiten Aan* or the law always walks falteringly with the times (Yohanes Jeriko Giovanni, 2023). Meanwhile, in the Malaysian legal system that uses the Common Law model, There are no standard rules like the Civil Code in

Indonesia, because the source of law in countries that adopt the Common Law system is jurisprudence or previous judges' decisions (Wahyudi Kumorotomo, 2022). This means that court decisions in Malaysia are binding as precedents for similar cases in the future, as the principle of *stare decisis* applies in the Common Law system (Simanjuntak, 2019). Thus, the role of judges in creating law is very dominant compared to codification-based legal systems such as Civil Law. (Lois et al. 2025)

Singapore has also taken more proactive steps to protect MSMEs from unfair business practices by enacting the Fair Trading Act. This law prohibits one-sided contracts that disadvantage small businesses, ensuring that any digital business agreement between MSMEs and marketplaces must provide equal rights for both parties. Marketplaces in Singapore are required to draft clear, transparent, and non-disadvantaged business contracts, and provide MSMEs with the opportunity to negotiate fairer terms and conditions (Susanty, 2017). In addition, the Singapore government also implements a simpler and more accessible dispute resolution mechanism for MSMEs, by providing digital arbitration services that help resolve conflicts between MSMEs and marketplaces without having to go through lengthy and expensive legal processes. With this protection, small business actors in Singapore have a stronger position in negotiating digital business contracts, and have a legal mechanism that they can rely on if there is an imbalance in business relations with large digital platforms. (Karar et al. 2025) The Republic of Indonesia at the national level has recognized the existence of digital contracts in Article 18 paragraph (1) of Law Number 11 of 2008 concerning Information and Electronic Transactions (hereinafter referred to as the ITE Law) which has been amended by Law Number 19 of 2016 concerning Amendments to Law Number 11 of 2008 concerning Information and Electronic Transactions. (By and Law 2016)

D. CONCLUSION

The future challenges of law in Indonesia are increasingly complex and strict, so that many laws and their implementation must change to keep up with the digital era along with the current digital transition, especially contract law, digital transformation has introduced new challenges to the practice of contract law in Indonesia. Digital contracts, including smart contracts, not only alter the form and execution mechanisms of agreements, but also demand conceptual and normative adjustments within the national legal system. The current paradigm of contract law rooted in textual interpretation and the explicit will of the parties must be reformulated to accommodate code-based contracts that operate autonomously.

That in the future there will be more disputes regarding digital contract law, while the protection of the rules that regulate it, especially in the evidence in court during the proof stage process, as in civil procedure law in Indonesia, which places a strong order of evidence, namely authentic written documents, however, law in Indonesia will be faced with the digital era, especially in business activities so that when a dispute occurs, it does not become a complicated situation and is detrimental to the parties concerned in obtaining their legal rights and interests.

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