



Online Dispute Resolution (ODR) in the Digital Business Dispute Resolution System: The Problem of Regulation Fragmentation and Harmonization of the Digital Justice System in Indonesia

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Abstract

Background. The development of the digital economy has encouraged the transformation of business dispute resolution mechanisms towards the use of *Online Dispute Resolution* (ODR) as a technology-based dispute resolution instrument. In Indonesia, ODR is developing progressively through various sectoral regulations, such as electronic court mediation, a dispute resolution system for the financial services sector, and an internal dispute resolution mechanism on *e-commerce* platforms. However, these developments have not been followed by adequate regulatory harmonization and institutional integration.

Aims. This study aims to analyze the legal position of ODR within Indonesia's digital business dispute resolution system, identify justice and legal protection issues in ODR practice, and formulate an ideal, harmonized framework for *the digital justice system*.

Methods. This study employs a normative juridical method, using a legislative and conceptual approach.

Result. The results of the study show that the main problem of ODR in Indonesia no longer lies in the absence of law, but in the fragmentation of regulations, weak interoperability between digital dispute resolution institutions, and the dominance of private platforms that have the potential to give birth to *algorithm-based automated private justice* without adequate supervision.

Conclusion. The lack of synchronization between ODR and the personal data protection regime, and the absence of an AI Governance framework, show that the digitalization of dispute resolution cannot fully guarantee *digital justice*.

Implementation. It is necessary to harmonize regulations by developing an ODR system interoperable with *e-Court*, BPSK, and other dispute resolution institutions, accompanied by the standardization of private ODR operators and the strengthening of artificial intelligence governance in the Indonesian legal system.

Keywords: Online Dispute Resolution, digital justice system, regulatory fragmentation, interoperability, AI Governance.



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INTRODUCTION

Digital transformation in the economy has significantly changed the patterns of legal relations in modern business activities. The development of electronic commerce (*e-commerce*), digital financial services, and various technology-based business platforms has enabled transactions that occur quickly, across regions, and with minimal physical contact between parties. On the one hand, this condition promotes economic efficiency; on the other hand, it also introduces new complexities in resolving business disputes. Conventional dispute resolution mechanisms that have relied on formal litigation processes are often seen as no longer fully responsive to the digital nature of disputes, which demand speed, flexibility, and cost-efficiency. It is in this context that Online Dispute Resolution (ODR) has developed as a form of digital transformation from conventional dispute resolution mechanisms.¹

The United Nations Commission on International Trade Law (UNCITRAL) defines ODR as a dispute resolution mechanism that uses information and communication technology in the dispute resolution process, particularly for disputes arising from cross-border electronic transactions.² The presence of ODR is intended not only as a technological innovation in dispute resolution but also as an instrument for expanding access to justice amid increasing digital economic activity. In global practice, ODR has developed through various models, ranging from electronic negotiations to online mediation to digital platform-based arbitration integrated with the country's judicial system.

In the Indonesian context, the development of ODR has actually obtained partial legal recognition through various sectoral regulations. The use of electronic systems in legal activities has been recognized by Law Number 11 of 2008 concerning Electronic Information and Transactions, as amended by Law Number 19 of 2016, and further strengthened by Government Regulation Number 71 of 2019 concerning the Implementation of Electronic Systems and Transactions.³ In addition, the Supreme Court has adopted an electronic mediation mechanism through Supreme Court Regulation Number 3 of 2022 concerning Mediation in Electronic Courts, which, in Article 12, expressly states that the electronic mediation virtual

¹ Riyadus Solikhin, 'The Development and Urgency of the Implementation of Online Dispute Resolution (ODR) in E-Commerce Dispute Resolution in Indonesia', *The Law Review* 11, no. 1 (2023): 65–79, <https://doi.org/10.56895/plr.v11i1.1235>.

² UNCITRAL Technical Notes on Online Dispute Resolution (2016), <https://uncitral.un.org/en/texts/odr>.

³ Law of the Republic of Indonesia No. 19 of 2016 concerning Amendments to Law No. 11 of 2008 concerning Information and Electronic Transactions (2016), <https://www.kemhan.go.id/itjen/wp-content/uploads/2017/08/uu19-2016bt.pdf>.

room is a legitimate place for mediation, like the mediation room in court.⁴ In the financial services sector, an electronic dispute resolution mechanism has also been developed by the Financial Services Sector Alternative Dispute Resolution Institution (LAPS SJK), in accordance with the Financial Services Authority Regulation Number 61/POJK.07/2020.⁵

However, the existence of these various regulations does not indicate a systemically integrated ODR legal framework. ODR regulation in Indonesia remains fragmented across sectoral legal regimes and lacks institutional or procedural harmonization. This condition has led to the development of ODR through private mechanisms controlled by digital platforms, while its integration with the state justice system remains limited. As a result, various legal problems have arisen, ranging from inconsistencies in standard procedures and unclear supervision mechanisms to legal protection issues for parties in the digital dispute resolution process.

This issue becomes even more complex when ODR is no longer solely about the efficiency of dispute resolution but also encompasses procedural fairness, personal data protection, and the imbalance of bargaining power between business actors and consumers on digital platforms. In practice, many ODR mechanisms are carried out directly by e-commerce platforms, which, at the same time, have an interest in the disputed transactions. This situation has the potential to lead to platform dominance, which can undermine the independence of the dispute resolution process. In addition, transmitting documents and dispute data through electronic systems poses a risk of privacy violations and misuse of personal data if not balanced by an adequate data protection system.⁶

Thus, the main problem of ODR in Indonesia today no longer lies solely in the absence of law, but in the fragmentation of regulations and the lack of harmonization in the development of an integrated *digital justice system*. Therefore, this study is important to analyze the legal position of ODR in the digital business dispute resolution system in Indonesia, identify emerging problems of regulatory fragmentation and legal protection, and formulate a construction of legal harmonization that is able to integrate ODR into the national digital justice system in a more comprehensive and equitable manner.

⁴ Supreme Court Regulation Number 3 of 2022 concerning Electronic Mediation in Court (2022), <http://peraturan.bpk.go.id/Details/217289/perma-no-3-tahun-2022>.

⁵ Financial Services Authority Regulation Number 61/POJK.07/2020 of 2020 concerning Alternative Dispute Resolution Institutions in the Financial Services Sector (2020), <http://peraturan.bpk.go.id/Details/227092/peraturan-ojk-no-61-pojk072020-tahun-2020>.

⁶ Law Number 27 of 2022 concerning Personal Data Protection (2022), <http://peraturan.bpk.go.id/Details/229798/uu-no-27-tahun-2022>.

Problem Formulation

The development of Online Dispute Resolution (ODR) in digital business dispute resolution shows that this mechanism has gained partial legal recognition through various sectoral regulations in Indonesia. The presence of electronic mediation in the judicial system, the use of digital dispute resolution mechanisms in the financial services sector, and the recognition of electronic transactions and documents show that the national legal system has basically moved towards the digitization of dispute resolution. However, these developments have not been followed by integrated regulatory harmonization, so ODR implementation is still sector-specific and fragmented, and tends to be dominated by private platforms.

This condition raises a number of legal problems, especially regarding the legal position of ODR in the national dispute resolution system, the need to ensure justice and legal protection for the parties, and the need for integration between the private ODR mechanism and *the digital justice system* developed by the state. Therefore, this study formulates several problems as follows:

1. What is the legal position of Online Dispute Resolution (ODR) in the digital business dispute resolution system in Indonesia amid the fragmentation of sectoral regulations?
2. Does the Online Dispute Resolution (ODR) mechanism guarantee the principles of justice, consumer protection, and personal data protection in digital business dispute resolution?
3. How is the ideal legal harmonization construction in building an Online Dispute Resolution (ODR) system that is integrated with the digital justice system in Indonesia?

METHODS

This study employs a normative juridical method to examine the norms, principles, and regulatory frameworks governing Online Dispute Resolution (ODR) within Indonesia's digital business dispute resolution system. The approaches used include the statutory and conceptual approaches. The legislative approach is carried out an analyzing various regulations on electronic transactions, electronic mediation, consumer protection, personal data protection, and digital dispute resolution mechanisms. Meanwhile, a conceptual approach was used to examine the concepts of the digital justice system, procedural fairness, interoperability, and AI Governance in digitally based dispute resolution.

The legal materials used consist of primary legal materials, including regional and international laws, instruments, and regulations, as well as secondary legal materials, including books, scientific journals, and other relevant academic publications. All legal materials are analyzed qualitatively using descriptive-analytical methods to identify the problem of regulatory fragmentation and to formulate the ideal legal framework for developing a more integrated and accountable ODR system in Indonesia.

DISCUSSION

Legal Position of Online Dispute Resolution (ODR) in Regulation Fragmentation and Interoperability Problems of Digital Dispute Resolution Systems in Indonesia

The development of Online Dispute Resolution (ODR) in Indonesia shows that legal dynamics are moving much faster than the construction of regulations that regulate it. In practice, digitally based dispute resolution mechanisms have become widespread through e-commerce platforms, digital financial services, and electronic dispute resolution systems that are being adopted by state institutions. However, these developments are not followed by the establishment of a systemically integrated legal architecture. As a result, ODR in Indonesia develops in a fragmented regulatory pattern, spread across various sectoral legal regimes without harmonization capable of connecting private digital dispute resolution mechanisms with the country's judicial system as a whole.⁷

This condition shows that the main problem of ODR in Indonesia today no longer lies in the absence of legal legitimacy, but in the disharmonization of regulations and weak interoperability between digital dispute resolution systems. The state has basically begun to recognize the use of electronic mechanisms in dispute resolution through various positive legal instruments. The recognition of electronic documents and transactions has been regulated through the Electronic Information and Transaction Law and its derivative regulations.⁸ However, the regulation still focuses on the validity of electronic systems and digital transactions rather than on the integrated design of national digital dispute resolution. Thus, the

⁷ Solikhin, 'The Development and Urgency of the Implementation of Online Dispute Resolution (ODR) in Electronic Trade Dispute Resolution in Indonesia'.

⁸ Law of the Republic of Indonesia No. 19 of 2016 concerning Amendments to Law No. 11 of 2008 concerning Information and Electronic Transactions; Government Regulation of the Republic of Indonesia Number 71 of 2019 concerning the Implementation of Electronic Systems and Transactions (2019), <https://peraturan.bpk.go.id/details/122708/pp-no-71-tahun-2019>.

recognition of electronic activities has not automatically given birth to an institutionally coordinated ODR system.

More progressive developments are evident in Supreme Court Regulation Number 3 of 2022 on Electronic Court Mediation. Article 12 of the regulation emphasizes that the electronic mediation virtual room is a legitimate place for mediation, like a court mediation room.⁹ This provision is important because it shows that the state has explicitly given de jure legitimacy to dispute resolution through virtual spaces. Thus, the argument that ODR has not received legal recognition in Indonesia is no longer fully relevant. The problem now shifts to how the partial recognition is integrated into a harmonious and interoperable digital dispute resolution system.

In addition to the Supreme Court, important developments are evident in the financial services sector, with the establishment of the Financial Services Sector Alternative Dispute Resolution Institution (LAPS SJK) pursuant to Financial Services Authority Regulation Number 61/POJK.07/2020. In practice, the LAPS SJK not only provides an electronic dispute resolution mechanism, but also has a clearer legal relationship with the formal judicial system. Peace agreements produced through dispute resolution mechanisms can be upgraded to a Peace Act that has executory force, like a judge's decision that has permanent legal force.¹⁰ This condition indicates that LAPS SJK has moved towards a semi-formal ODR model with a legal bridge to the state judicial system.

This situation is very different from the private ODR mechanism that has developed on e-commerce platforms. Dispute resolution through the internal marketplace system generally results only in administrative settlements based on platform policies, without any mechanism to obtain execution fiat from the court. As a result, private ODR tends to stop at the level of private settlement mechanisms and has not been legally integrated into the national justice system. In this context, the main problem with private ODR is no longer just a matter of legality, but the absence of legal interoperability that can link the results of digital dispute resolution to the state's execution mechanism.

The fragmentation of regulations ultimately gave rise to dualism in Indonesia's digital dispute resolution system. On the one hand, the development of state ODR began to be integrated into the judicial system through electronic mediation and LAPS SJK, while on the other hand, private ODR grew based on a digital platform that operates independently, without

⁹ Supreme Court Regulation Number 3 of 2022 concerning Electronic Mediation in Court.

¹⁰ Financial Services Authority Regulation Number 61/POJK.07/2020 of 2020 concerning Alternative Dispute Resolution Institutions in the Financial Services Sector.

uniform national standardization. The two systems were developed in parallel without a clear design of institutional integration or procedural synchronization. This situation has led to the development of digital dispute resolution in Indonesia on a sectoral basis and has not yet resulted in a complete *digital justice system* ecosystem.

From a regional and global perspective, the need for harmonization of the ODR system has actually become an important agenda. ASEAN, through the 2022 ASEAN Guidelines on Online Dispute Resolution, encourages member countries to build a national ODR system that is open, interoperable, and integrated across sectors, especially for business-to-consumer *dispute resolution*.¹¹ The guidelines even direct the establishment of an ASEAN regional ODR network as part of the region's integration into the digital economy. This shows that ODR harmonization is no longer just a domestic need, but also part of the direction of regional digital economy governance development.

Meanwhile, the European Union's experience with Regulation (EU) No. 524/2013 also provides important lessons for ODR governance. The European Union is indeed one of the pioneers in developing an integrated ODR platform across countries. However, the evaluation of the system's implementation shows the low effectiveness of business actors' participation in responding to consumer disputes, which then led to the termination of the EU ODR platform's operations in 2025 under Regulation (EU) 2024/3228.¹² This fact shows that the success of ODR depends not only on the availability of digital platforms but also on the design of regulations that ensure effective compliance, participation, and institutional integration. The experience of the European Union is an important lesson for Indonesia, so that the development of ODR does not stop at digitizing procedures but also pays attention to the design of governance and mechanisms for connecting with the country's judicial system.

Thus, it can be affirmed that ODR's legal position in Indonesia has gained *de jure* legitimacy through various sectoral regulations. However, this legitimacy is still developing in a fragmented manner and has not yet established a harmonious, interoperable digital dispute resolution system. This condition causes ODR in Indonesia to remain in the transition stage,

¹¹ ASEAN, *ASEAN Guidelines on Online Dispute Resolution (ODR)* (Jakarta, 2022), <https://asean.org/book/asean-guidelines-on-online-dispute-resolution-odr/>.

¹² Regulation (EU) No 524/2013 of the European Parliament and of the Council of 21 May 2013 on Online Dispute Resolution for Consumer Disputes and Amending Regulation (EC) No 2006/2004 and Directive 2009/22/EC (Regulation on Consumer ODR), 165 OJ L (2013), <http://data.europa.eu/eli/reg/2013/524/oj>; Regulation (EU) 2024/3228 of the European Parliament and of the Council of 19 December 2024 Repealing Regulation (EU) No 524/2013, and Amending Regulations (EU) 2017/2394 and (EU) 2018/1724 with Regard to the Discontinuation of the European Online Dispute Resolution Platform (Text with EEA Relevance) (2024), <http://data.europa.eu/eli/reg/2024/3228/oj>.

namely, moving from a platform-based dispute resolution mechanism to the need to develop an integrated, accountable, and institutional digital justice system within *the national justice system*.

Problems of Justice, Inequality of Bargaining Power, Personal Data Protection, and Algorithmic Bias in Online Dispute Resolution (ODR)

The development of Online Dispute Resolution (ODR) in digital business dispute resolution is based on the assumption that digitalization can provide a faster, cheaper, and more accessible dispute resolution process for the public. Within the framework developed by the United Nations Commission on International Trade Law (UNCITRAL), ODR is even positioned as an instrument to expand access to justice by using information technology to resolve cross-border electronic disputes.¹³ In practice, this mechanism offers efficiencies that are difficult to achieve through conventional litigation systems, especially in digital business disputes that are of low value but occur at very high volume. However, behind this efficiency narrative, a much more fundamental issue arises: whether the digitalization of dispute resolution can truly bring substantive justice to the parties or give rise to a new form of power domination in the digital space.

This issue is becoming increasingly relevant because most ODR practices in Indonesia are conducted through private digital platforms that hold a dominant position in the legal relationship between the parties. On many e-commerce platforms, service providers not only act as transaction facilitators but also carry out quasi-judicial functions through internal dispute resolution systems they control. The platform has the authority to determine procedures, facilitate negotiations, verify evidence, and make decisions on disputes that occur in its system. This situation raises serious problems for the independence and neutrality of dispute resolution, because platforms also have economic interests in the sustainability of transactions and in their own business reputation.¹⁴ In such a context, ODR has the potential to shift from a dispute resolution mechanism to a private control instrument run on the platform's business logic.

The dominance of the platform then gave birth to what in digital law studies is called *procedural unfairness*, which is procedural injustice that arises due to the inequality of the

¹³ UNCITRAL Technical Notes on Online Dispute Resolution.

¹⁴ Dewi Sulistianingsih et al., 'Online Dispute Resolution: Does the System Actually Enhance the Mediation Framework?', *Cogent Social Sciences* 9, no. 1 (2023): 2206348, <https://doi.org/10.1080/23311886.2023.2206348>.

relationship structure of the parties in the process of resolving digital disputes. Consumers, as economically and informationally weaker parties, generally lack sufficient leverage to influence the platform's procedures and dispute resolution mechanisms. All dispute resolution mechanisms are usually determined unilaterally through standard, non-negotiable terms and conditions. As a result, legal relations in private ODR often operate on a take-it-or-leave-it model, making it difficult to substantively realize the principle of equality of the parties that is the foundation of Alternative Dispute Resolution (ADR).¹⁵

These problems become more complex as the development of modern ODR shifts towards semi-automated decision systems based on algorithms and artificial intelligence. On a number of digital platforms, the process of filtering disputes, verifying evidence, and recommending settlements is handled by an internal algorithmic system that operates behind closed doors and is not transparent to users. This situation has given rise to new problems in digital justice governance, namely the potential for *algorithmic bias* in the dispute resolution process. Algorithms are never completely neutral because they are built on specific logic, parameters, and interests set by the system or platform's developers. Under such conditions, consumers may be disadvantaged by machine decisions without ever knowing how the assessment process is conducted.

This problem is increasingly pressing because, to date, Indonesia has not had an *AI Governance* framework that specifically regulates the use of artificial intelligence in the digital dispute resolution system. The use of algorithms in ODR is still largely left to the internal policies and ethics of digital platform companies, without obligations to system audits, algorithmic transparency, or independent oversight mechanisms. As a result, digital dispute resolution risks turning into *a form of automated private justice*, which is an algorithm-based private justice system that works based on the logic of platform efficiency, rather than solely the principle of legal justice. In this context, the main problem of ODR is no longer just about who resolves disputes, but also about how digital decisions are produced and controlled within a closed platform space.

In addition to the problem of algorithm dominance, the ODR mechanism also faces serious challenges related to personal data protection. The digital dispute resolution process involves the exchange of sensitive data, ranging from user identities and transaction history to

¹⁵ Kiki Juwita et al., 'The Implementation of Online Dispute Resolution (ODR) as an Alternative to Modern E-Commerce Dispute Resolution in Indonesia', *Al-Zayn : Journal of Social Sciences & Law* 3, no. 6 (2025): 8873–79, <https://doi.org/10.61104/alz.v3i6.2790>.

proof of communication and the parties' financial documents. All such data is transmitted and stored through electronic systems that are mostly under the control of private platforms or third parties. This situation poses a serious risk to the security and confidentiality of user data if it is not balanced with an adequate data protection system. In this context, Law Number 27 of 2022 concerning Personal Data Protection has provided a legal basis for the obligations of data controllers to ensure the security and confidentiality of users' personal data.¹⁶

However, the fundamental problem lies in the lack of synchronization between the personal data protection regime and ODR governance that is developing in practice. ODR regulations in Indonesia do not specifically regulate data collection limits, the storage duration of dispute documents, the use of data for algorithm training, or platforms' responsibilities in the event of data leaks in the digital dispute resolution process. In fact, electronic dispute data is not just administrative information, but also contains legal and economic information that is very sensitive to the parties. Therefore, the need to establish derivative regulations under the Personal Data Protection Law is urgent, especially to regulate the standards for the collection, processing, storage, and destruction of personal data within the ODR mechanism in a stricter, more specific manner.

Thus, the current ODR problem in Indonesia can no longer be understood only as a problem of digital dispute resolution efficiency. The problems that have arisen have evolved into digital justice governance issues, including platform dominance, inequality of bargaining power, algorithmic bias, and the protection of users' personal data. This condition shows that the digitalization of dispute resolution does not automatically result in *digital justice*. Technological efficiency can give rise to a new form of injustice if it is not balanced by a legal framework capable of controlling the power of digital platforms, ensuring algorithmic transparency, and protecting users' rights in the electronic dispute resolution ecosystem.

Harmonization of the Digital Justice System as an Ideal Legal Construction of Online Dispute Resolution (ODR) in Indonesia

The development of *Online Dispute Resolution (ODR) in Indonesia* shows that the digitalization of dispute resolution has become an integral part of the transformation of the modern legal system. However, the results of the analysis in the previous discussion show that the main problem of ODR today no longer lies in the recognition of legality alone, but in the

¹⁶ Law Number 27 of 2022 concerning Personal Data Protection.
Ananda Gymnastiar Dwijaya
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lack of a digital legal governance design that is able to integrate various electronic dispute resolution mechanisms into a *harmonious, interoperable, and accountable* digital justice system.¹⁷ In such conditions, the current urgent need is not just the formation of new regulations, but the development of legal frameworks that can systematically bridge the relationships among private platforms, sectoral regulators, and the state judicial system.

So far, ODR development in Indonesia is still pursued on a sectoral basis, which tends to be partial. The Supreme Court developed electronic mediation through Supreme Court Regulation Number 3 of 2022 on Electronic Mediation in Court, while the financial services sector established a digital dispute resolution mechanism through the Financial Services Sector Alternative Dispute Resolution Institution (LAPS SJK), pursuant to Financial Services Authority Regulation Number 61/POJK.07/2020.¹⁸ On the other hand, *e-commerce* platforms also run digital-based internal dispute resolution systems in accordance with their respective private policies. The problem is that all of these mechanisms develop separately, without a national standard that regulates interoperability, the validity of dispute data exchange, and the liaison mechanism between private digital dispute resolution and the formal justice system. As a result, ODR in Indonesia remains a collection of stand-alone digital mechanisms and has not yet formed an integrated national digital dispute resolution system.¹⁹

In this context, the ideal legal framework for ODR in Indonesia must be directed toward the development of digital justice governance that positions the state not just as a passive regulator but as an architect of the integration of the national digital dispute resolution system. Countries need to build a legal framework that not only recognizes ODR but also sets standards for interoperability among digital dispute resolution platforms. This interoperability is important so that the results of dispute resolution carried out through private platforms can have a clear legal relationship with the state judicial system, especially in the aspects of supervision, ratification, and implementation of legal execution.²⁰

In practice, a model that is relatively close to the concept of interoperability is already evident in the LAPS SJK mechanism. Through the dispute settlement process carried out, the

¹⁷ Solikhin, 'The Development and Urgency of the Implementation of Online Dispute Resolution (ODR) in Electronic Trade Dispute Resolution in Indonesia'.

¹⁸ Supreme Court Regulation Number 3 of 2022 concerning Electronic Mediation in Court; Financial Services Authority Regulation Number 61/POJK.07/2020 of 2020 concerning Alternative Dispute Resolution Institutions in the Financial Services Sector.

¹⁹ Muhammad Faiz Aziz and Muhamamd Arif Hidayah, 'The Need for Special Online Dispute Resolution (ODR) Arrangements in Indonesia to Facilitate E-Commerce Dispute Resolution', *Rechtsvinding Journal: National Legal Development Media* 9, no. 2 (2020): 275, <https://doi.org/10.33331/rechtsvinding.v9i2.449>.

²⁰ UNCITRAL Technical Notes on Online Dispute Resolution.

peace agreement reached by the parties can be upgraded to a Peace Act with executory force, like a judge's decision with permanent legal force.²¹ This situation shows that the SJK LAPS no longer functions only as a private dispute resolution mechanism but also serves as a *legal bridge* to the formal judicial system. This model is not yet adopted by most private ODRs on e-commerce platforms, where dispute resolution generally stops at the platform's internal administrative policies, without connection to the state's fiat execution mechanism.

Departing from these conditions, one of the legal constructions to be developed is an interoperability system between the private ODR platform and the Supreme Court's e-Court application. The integration allows the results of certain digital dispute resolution to be attested or recorded through the electronic justice system without having to start the litigation process from scratch. Thus, digital dispute resolution is no longer merely a private administrative mechanism but has a clear legal path to formal recognition and enforcement by the state. In the long term, this integration can also serve as the foundation for establishing a national digital dispute database that is cross-sectoral and can increase transparency and accountability in electronic dispute resolution in Indonesia. This idea is basically also in line with the policy direction of the National Medium-Term Development Plan (RPJMN) 2025–2029, which places the digital transformation of the legal system and the modernization of technology-based judicial services as part of the national development agenda.²²

In addition to interoperability, ODR harmonization must also focus on establishing national standards for private ODR operators. Until now, most *e-commerce* platforms have operated dispute resolution mechanisms based on internal policies, without procedural standardization or independent oversight. This condition makes the quality of legal protection in ODR highly dependent on each platform's policies. Therefore, it is necessary to establish regulations at the level of Government Regulations that govern the standardization and certification of private ODR operators, including procedural transparency obligations, objection mechanisms, personal data protection, and audits of the algorithmic systems used in digital dispute resolution.²³

In the context of consumer protection, harmonization also needs to be integrated with the Consumer Dispute Resolution Agency (BPSK) as an out-of-court institution for consumer

²¹ Financial Services Authority Regulation Number 61/POJK.07/2020 of 2020 concerning Alternative Dispute Resolution Institutions in the Financial Services Sector.

²² Presidential Regulation (Perpres) Number 12 of 2025 concerning the National Medium-Term Development Plan for 2025 - 2029 (2025), <http://peraturan.bpk.go.id/Details/314638/perpres-no-12-tahun-2025>.

²³ Sulistianingsih et al., 'Online Dispute Resolution'.

dispute resolution. So far, consumers who have failed to reach a resolution through the internal dispute resolution mechanisms of e-commerce platforms often have to restart the dispute resolution process via different, unintegrated channels. This condition is not only inefficient but also has the potential to hinder consumers' access to justice. Therefore, it is necessary to develop a digital dispute escalation channel that allows cases from private ODR platforms to be routed online to BPSK if internal settlement does not reach an agreement. This integration model will form a *multi-layer digital dispute ecosystem* in which private platforms, BPSK, and the state justice system are interconnected within a single *digital justice system architecture*.

The urgency of harmonization is also increasingly relevant when it is associated with ASEAN regional developments. Under the 2022 ASEAN Guidelines on Online Dispute Resolution, ASEAN member countries are encouraged to build a national ODR system that is open, interoperable, and interconnected across sectors, especially for the resolution of *business-to-consumer disputes*.²⁴ The guideline even directs the establishment of a post-2025 ASEAN ODR network to strengthen the integration of the region's digital economy. Thus, ODR harmonization in Indonesia is no longer just a domestic need, but also part of readiness to face the integration of regional digital economy governance.

At the global level, the EU's experience also provides important lessons on ODR governance. The European Union, through Regulation (EU) No. 524/2013, was once a pioneer in developing a cross-border, integrated ODR platform. However, an evaluation of the platform's implementation shows the low effectiveness of business actors' participation in responding to consumer disputes, so the platform will ultimately cease operations in 2025 under *Regulation (EU) 2024/3228*.²⁵ This fact shows that the success of ODR depends not only on the digitization of procedures and the availability of technology platforms, but also on a regulatory design that ensures business compliance, state supervision, and effective institutional integration. The European Union's experience is an important lesson for Indonesia, so that the development of ODR does not stop at administrative and technological aspects alone, but also builds strong legal supervision and connectivity systems.

²⁴ ASEAN, *ASEAN Guidelines on Online Dispute Resolution (ODR)*.

²⁵ Regulation (EU) No 524/2013 of the European Parliament and of the Council of 21 May 2013 on Online Dispute Resolution for Consumer Disputes and Amending Regulation (EC) No 2006/2004 and Directive 2009/22/EC (Regulation on Consumer ODR); Regulation (EU) 2024/3228 of the European Parliament and of the Council of 19 December 2024 Repealing Regulation (EU) No 524/2013, and Amending Regulations (EU) 2017/2394 and (EU) 2018/1724 with Regard to the Discontinuation of the European Online Dispute Resolution Platform (Text with EEA Relevance).

In addition, ODR development in Indonesia must also pay attention to the development of artificial intelligence within the digital dispute resolution system. The absence of *an AI Governance framework* in the Indonesian legal system currently poses a serious risk of algorithms being used behind closed doors in the dispute resolution process. Therefore, the ideal legal framework for ODR should also include algorithm transparency obligations, audits of artificial intelligence systems, and independent oversight mechanisms to ensure the proper use of automation technology in digital dispute resolution.²⁶ Without these arrangements, ODR has the potential to develop into an *automated private justice system* that operates in the platform's interests rather than on the principle of legal justice.

Thus, the ideal legal framework for ODR in Indonesia must be built on a harmonized approach to the digital justice system that places institutional integration, system interoperability, personal data protection, and oversight of digital platforms' power as the main foundations. ODR can no longer be understood solely as an instrument for improving dispute resolution efficiency, but rather as part of the transformation of national digital justice governance. Without this harmonization, the development of ODR risks producing a digital dispute resolution system that is administratively fast but weak in ensuring accountability, legal protection, and substantive justice for Indonesia's digital society.

State of the Art

The study of Online Dispute Resolution (ODR) in digital business dispute resolution has evolved from a discussion about the urgency of digitizing dispute resolution to a more complex issue of digital justice governance. Globally, ODR is understood as an information technology-based dispute resolution mechanism that aims to expand access to justice, especially in cross-border electronic transactions. In the Indonesian context, ODR has gained partial recognition through various sectoral regulations, such as the Electronic Information and Transaction Law, the Supreme Court Regulation on Electronic Mediation, the SJK LAPS mechanism in the financial services sector, and internal dispute resolution practices on e-commerce platforms.

However, these developments have not yet formed an integrated national ODR system. ODR regulations are still spread across various sectoral legal regimes, resulting in

²⁶ Fahimeh Abedi et al., 'Developing Regulatory Standards for the Concept of Security in Online Dispute Resolution Systems', *Computer Law & Security Review* 35, no. 5 (2019): 105328, <https://doi.org/10.1016/j.clsr.2019.05.003>.

disharmonization of procedures, weak institutional standards, and the lack of connectivity between private ODR and the state justice system. In addition, the development of modern ODR has also begun to intersect with the issue of personal data protection, inequality in the position of consumers, the dominance of digital platforms, and the use of algorithms and artificial intelligence in the dispute resolution process. Therefore, the latest study of ODR no longer only focuses on the efficiency of dispute resolution, but also on the principles of procedural fairness, system interoperability, platform accountability, data protection, and AI Governance.

Research Gap

Previous studies generally still place ODR as an efficient, fast, and cheap alternative to electronic dispute resolution, especially in the context of e-commerce and digital transactions. Some studies have also discussed the need for special ODR regulations in Indonesia. However, studies that comprehensively link the fragmentation of ODR regulations, weak institutional interoperability, dominance of private platforms, personal data protection, and the need for AI Governance within a single framework of the national digital justice system are still limited.

The main gap lies in the absence of an analysis that places ODR as part of the digital justice system ecosystem that must be connected to e-Court, BPSK, LAPS SJK, and state supervision mechanisms. In addition, previous research has not highlighted the risks of automated private justice, namely the potential for the birth of an algorithm-based private justice system controlled by digital platforms without transparency, algorithmic audits, and independent oversight. Thus, there is an academic need to formulate a harmonized construction of ODR laws that not only emphasizes the digitization of procedures, but also ensures substantive justice, consumer protection, data security, and technological accountability.

Novelty

The novelty of this article lies in the shift in the focus of analysis from the mere need for ODR legalization to the construction of ODR harmonization as part of an interoperable and accountable national digital justice system. This article offers a perspective that the main problem of ODR in Indonesia is no longer the absence of a legal basis, but the fragmentation of regulations and the lack of a legal architecture that connects private ODR, sectoral dispute resolution institutions, and the state justice system.

Another novelty is the emphasis on the risk of automated private justice due to the dominance of digital platforms and the use of algorithms in dispute resolution without an AI Governance framework. This article also integrates the issue of personal data protection into

ODR governance, thereby making a conceptual contribution in building Indonesia's ODR model that is connected to e-Court, BPSK, LAPS SJK, and is in line with the direction of ASEAN regional harmonization. Thus, this article offers an ideal framework for ODR based on interoperability, standardization of private operators, data protection, algorithm transparency, and state supervision.

CONCLUSION

The development of *Online Dispute Resolution* (ODR) in Indonesia shows that the digitalization of business dispute resolution has basically gained partial legal legitimacy through various sectoral regulations, such as the Electronic Information and Transaction Law, the Supreme Court Regulation on Electronic Mediation, and the digital dispute resolution mechanism in the financial services sector through LAPS SJK. Thus, the main problem of ODR in Indonesia today no longer lies in the absence of laws, but in the fragmentation of regulations and the lack of a harmonious and interoperable national digital dispute resolution system. Existing regulations remain sector-specific and have not integrated the relationships among private ODR platforms, regulators, and the state justice system into a comprehensive *digital justice system* framework.

In addition to regulatory fragmentation, the development of ODR also gives rise to new problems related to digital justice. The dominance of *e-commerce platforms in private dispute resolution mechanisms leads to inequality in bargaining power, procedural unfairness, and the risk of developing an automated private justice system that operates* on the platform's algorithmic logic. The absence of artificial intelligence governance (*AI Governance*) and the lack of synchronization of the ODR mechanism with the personal data protection regime further show that the digitalization of dispute resolution does not automatically result in *digital justice*. Under such conditions, technological efficiency can give rise to a new form of injustice if it is not balanced by state oversight, algorithmic transparency, and adequate protection of user rights.

Based on this, the urgent need in the development of ODR in Indonesia is not only to expand the digitization of dispute resolution procedures, but also to build a digital justice system governance that can ensure institutional interoperability, legal protection, digital transparency, and accountability of private platforms in resolving digital business disputes.

Recommendations

Based on the results of the research and analysis that have been carried out, there are several recommendations that can be considered in the development of an *Online Dispute Resolution* (ODR) system in Indonesia, namely the following:

1. The establishment of regulations at the level of Government Regulation (PP) regarding the standardization and certification of private ODR operators, which includes standard dispute resolution procedures, personal data protection, algorithm transparency, and supervision mechanisms for digital platforms.
2. Development of an interoperability system between the private ODR platform and the *e-Court* system of the Supreme Court and the Consumer Dispute Resolution Agency (BPSK) to build an integrated digital dispute escalation channel and have connectivity with the state execution mechanism.
3. The preparation of *the AI Governance framework* in the Indonesian legal system, especially related to the use of artificial intelligence and algorithms in digital dispute resolution, including algorithm audit obligations, transparency of automated decision systems, and independent oversight of the use of automation technology by digital platforms.
4. Strengthening the harmonization of ODR regulations with the Personal Data Protection Law, especially through the establishment of derivative regulations that specifically regulate the governance of digital dispute data, including the collection, storage, processing, and destruction of user data in the ODR mechanism.
5. Adjustment of the development of the national ODR system with the direction of ASEAN regional integration, especially through the implementation of *the ASEAN Guidelines on Online Dispute Resolution* as part of strengthening digital economy governance and integrating digital business dispute resolution in the Southeast Asian region.

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