



Client Alert

Brigitta I. Rahayoe & Partners

IMPLEMENTATION OF ELECTRONIC COMMERCE

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IMPLEMENTATION OF ELECTRONIC COMMERCE

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Electronic Commerce (*Perdagangan Melalui Sistem Elektronik – “PMSE”*) has become a key pillar of Indonesia’s digital economy, demonstrating significant growth in recent years. This expansion has been driven by increased technological adoption, evolving consumer behavior, and the emergence of diverse platform-based business models. In response to these developments, the government has deemed it necessary to strengthen the regulatory framework to address emerging challenges, including issues related to transparency, fair competition, and protection of domestic businesses.

The Ministry of Trade of the Republic of Indonesia (“MOT”) has issued Regulation of the Minister of Trade No. 19 of 2026 regarding the Implementation of Electronic Commerce (“RM 19/2026”), which took effect on 8 June 2026 and replaces Regulation of the Minister of Trade No. 31 of 2023. This new regulation aims to enhance the governance of Indonesia’s digital trade ecosystem, with a focus on platform transparency, promotion of domestic products, legal certainty for business entity, and consumer protection.

The following are several new provisions regulated under RM 19/2026:

1. Promotion of Domestic Products

RM 19/2026 requires electronic commerce platform operators to prioritize domestic products, including those produced by micro and small enterprises (MSEs). Platforms are expected not only to provide promotional space but also to actively enhance the visibility of local products through search features, recommendation algorithms, and marketing campaigns. This policy forms part of the government’s broader strategy to reduce reliance on imported goods and strengthen the competitiveness of domestic industries in the global market.

2. Business Licensing Requirements

The business entity operating within the PMSE ecosystem must obtain a Business Identification Number (*Nomor Induk Berusaha – “NIB”*)

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as proof of legal compliance under Indonesia's risk-based licensing regime. Platform operators are required to verify the legal status of merchants, including the validity of their identity and licenses. In cases where a business entity fails to comply with these requirements, platforms must reject its registration or suspend access within a specified timeframe. This provision reflects a stricter regulatory approach aimed at enhancing accountability and formalization of digital businesses.

3. Enhanced Platform Transparency

RM 19/2026 emphasizes the importance of transparency in platform operations. Platform operators are required to provide clear, accurate, and accessible information regarding fee structures (including commissions and service charges), promotional mechanisms, and system governance that may affect product visibility. Transparency also extends to the disclosure of partnership arrangements between platforms and merchants, to prevent unfair or discriminatory practices within the marketplace ecosystem.

4. Strengthened Consumer Protection

RM 19/2026 strengthens consumer protection through more comprehensive obligations imposed on both business entities and platform operators. These obligations include the provision of accurate and non-misleading product information, ensuring secure transactions, and establishing accessible complaint handling and dispute resolution mechanisms. In addition, both merchants and platforms must safeguard the confidentiality and security of consumers' personal data in accordance with applicable data protection laws and regulations.

5. Regulation on the Use of Digital Technologies (AI)

RM 19/2026 accommodates the increasing use of digital technologies, including Artificial Intelligence (AI), in commercial and marketing activities. Such technologies are permitted provided they adhere to principles of transparency, accountability, and non-deception.

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In practice, business entities and platforms must ensure that AI-generated or AI-optimized contents accurately represent the actual condition of products and do not violate consumer protection requirements.

6. Expanded Scope of PMSE

In addition to conventional marketplaces, RM 19/2026 extends its coverage to other digital business models, including social commerce, ride hailing services, and online travel agents.

7. Enforcement and Sanctions

The platform operators must reject the registration of merchants that do not have a valid NIB. Existing merchants without complete licensing may be given a temporary status of "Under Legalization Process" for up to 6 (six) months. If they fail to complete their licensing obligations within this period, the platform must suspend their transactions and/or block their accounts.

If platform operators fail to comply with the obligations, such as verifying merchant legality, ensuring transparency, or providing adequate consumer protection, they may be subject to administrative sanctions imposed by the MOT.

Conclusion

RM 19/2026 strengthens Indonesia's digital trade legal framework by balancing the interests of business entities, platform operators, and consumers. It introduces more stringent requirements regarding business legality, platform transparency, and consumer protection, while also promoting the competitiveness of domestic products.

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For further information regarding the above Client Alert and future updates, please contact our counselors at:

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