



THE RELEVANCE OF UMAR BIN KHATTAB'S LEGAL PRINCIPLES IN E-COMMERCE LEGAL COMPLIANCE: A CASE STUDY OF TIKTOK SHOP AND TOKOPEDIA

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ABSTRACT

Trade is a dynamic economic activity, governed by laws that continually evolve over time. In Indonesia, the implementation of Minister of Trade Regulation No. 31 of 2023 on Business Licensing, Advertising, Guidance, and Supervision of Business Actors in Electronic Commerce has significantly impacted the landscape, notably resulting in the closure of TikTok Shop in 2023. This research seeks to explore the legal foundation underlying the prohibition of social commerce platforms from conducting trade transactions, as stipulated in MOT 31/2023, and to examine the concept of legal compliance in trade through the lens of Umar bin Khattab's legal principles. The study employs a normative-juridical approach, framed by the theory of legal compliance. The findings reveal that the restriction on social commerce platforms from facilitating payment transactions on their own platforms is intended to mitigate conflicts of interest in electronic transactions. Furthermore, adherence to the legal principles of trade, as outlined by Umar bin Khattab, is regarded as fundamentally crucial and must be upheld within the framework of trade ethics.

Keywords: Trade, Compliance, Social Commerce

ABSTRAK

Perdagangan adalah salah satu kegiatan ekonomi yang dinamis, dengan hukum yang terus berkembang dari waktu ke waktu. Di Indonesia, implementasi Peraturan Menteri Perdagangan Nomor 31 Tahun 2023 mengenai Perizinan Berusaha, Periklanan, Pembinaan, dan Pengawasan Pelaku Usaha dalam Perdagangan Melalui Sistem Elektronik telah membawa dampak signifikan, termasuk penutupan TikTok Shop pada tahun 2023. Penelitian ini bertujuan untuk mengkaji landasan hukum di balik larangan bagi platform social commerce dalam melakukan transaksi perdagangan, sesuai dengan Permendag Nomor 31 Tahun 2023, serta mengeksplorasi konsep kepatuhan hukum dalam perdagangan berdasarkan pandangan Umar bin Khattab. Penelitian ini menggunakan metode normatif-yuridis, dengan pendekatan teori kepatuhan hukum sebagai kerangka analisis. Hasil penelitian ini menunjukkan bahwa pembatasan social commerce dalam melakukan transaksi pembayaran melalui platformnya bertujuan untuk mencegah terjadinya konflik kepentingan dalam transaksi elektronik. Selain itu, kepatuhan terhadap prinsip-prinsip hukum dalam perdagangan menurut Umar bin Khattab dianggap sangat esensial dan wajib dipatuhi dalam konteks etika berniaga.

Kata Kunci: Perdagangan, Kepatuhan, Social Commerce



INTRODUCTION

The evolution of online commerce (e-commerce) in the digital era has undergone a profound transformation, particularly with the rise of social commerce. (Riswanto et al., 2024) Social commerce is a form of trade that integrates social interaction features into e-commerce platforms, enabling users to transact directly via social media. A prime example is TikTok Shop, which leverages short video content to attract buyers, and Tokopedia, which combines community aspects into its buying and selling transactions. (Hilwana, Putra, Multazim, Hafiz, & Maesaroh, 2023) This trend indicates a shift from traditional e-commerce towards a more interactive and personalized model.

However, the rapid growth of this sector has also brought new challenges in terms of regulation and legal compliance. The acquisition of platforms like TikTok Shop by ByteDance and the merger of Tokopedia with Gojek exemplify how major industry players are striving to expand their influence in Indonesia's e-commerce market. In this context, regulation becomes crucial to ensure that trade through social commerce platforms operates within the bounds of existing laws, protects consumers, and fosters healthy competition.

Commerce is one of the fastest-growing business sectors, encompassing the exchange of goods, services, and the use of digital platforms for trade activities. The advancement of Information and Communication Technology (ICT) has facilitated the transformation of commerce, especially through online marketplaces, where

all processes—from ordering and information exchange to payment—are conducted digitally (Khatimah & Yazid, 2020). This phenomenon has altered the dynamics of commerce and opened new opportunities for business actors to more easily engage in business transactions (Mega, 2023).

It is impossible for business actors to operate outside the realm of law, as legal frameworks are essential in ensuring that commerce proceeds smoothly, safely, and orderly, preventing any party from being harmed by trade activities. As commerce continues to advance, regulations must adapt and evolve to ensure that the law does not lag behind the times.

Among the key business regulations are the Minister of Trade Regulation (Permendag) No. 50 of 2020 and the Minister of Trade Regulation No. 31 of 2023 concerning Business Licensing, Advertising, Guidance, and Supervision of Business Actors in Electronic Commerce. The updates to these regulations have resulted in several legal and system changes in Electronic Commerce (PMSE). One of the most significant legal changes is the introduction of regulations governing social commerce, which were absent in Permendag No. 50 of 2020.

Permendag No. 31 of 2023 represents an update to Permendag No. 50 of 2020, aligning electronic commerce regulations with the latest developments, particularly concerning social commerce. In this regulation, social commerce is defined as commerce conducted through social media platforms, involving promotion, offering, and buying and selling

transactions. Now, social media platforms that facilitate direct transactions must obtain PMSE business licenses, just like conventional marketplaces. This measure ensures that trade activities on social media are more regulated and protected by law.

Moreover, the new regulation tightens the obligations of social commerce platforms to provide consumers with complete and transparent product information. Influencers promoting products on social media must also ensure that the information they share is accurate and not misleading. This step is taken to protect consumers from potential fraud or products that do not meet advertised claims, a frequent issue in social media transactions.

This regulatory change also addresses cooperation with international authorities to monitor cross-border transactions involving social commerce. This is vital to ensure that transactions between buyers and sellers from different countries remain safe and comply with applicable laws. With stricter oversight and sanctions, this regulation is expected to create a safer, more transparent, and fair digital commerce environment for all parties involved.

The rise of social commerce platforms, such as TikTok Shop and Tokopedia, has presented distinct legal compliance challenges (Muslim, Muktar, & Diansah, 2023). These platforms often struggle to ensure that all transactions comply with existing regulations, particularly regarding consumer protection, data security, and information transparency. Such challenges necessitate a clear and effective legal framework. In this regard, the concept of legal compliance advocated by

Umar bin Khattab offers a relevant guide (Wiyanto, 2018). Principles such as justice, responsibility, and accountability, which were central to Umar bin Khattab's leadership, can serve as a foundation for establishing a robust legal compliance system in the context of modern social commerce. Hence, this research will focus on how these principles can be applied to address the legal compliance challenges within social commerce.

Rena's study, which examines the issues surrounding Ministerial Regulation No. 31 of 2023 concerning the ban on social commerce within TikTok Shop using a normative juridical approach, found that the government is expected to reformulate the Trade Minister's regulation in a well-considered manner, aligned with the purpose of regulation creation and its tangible impacts (Rena, Humairoh, & Rosmiawati, 2023). Additionally, Ahmad Syahrul's research delves deeper into how social commerce has emerged as a social media platform that facilitates and assists consumers in online shopping, even enabling users to sell products and services. Syahrul's findings indicate that there are still digital trading platforms that violate the Ministerial Regulation No. 31 of 2023. Moreover, these platforms have yet to fulfill the sense of fairness for all parties involved in digital commerce (both social commerce and e-commerce) as well as conventional trade. Syahrul proposes tax regulations for social commerce that operate within e-commerce platforms under a unified digital trade framework (Iliyin, 2024).

Meanwhile, Heri's research explores a different perspective on e-commerce compliance issues in Indonesia. The study

examines strategies to address these challenges, providing solutions such as ensuring the security of e-commerce transactions through insurance, offering legal assistance for technology users, and supporting these efforts with government regulation (Heri Lilik Sudarmanto, 2020).

Based on the prior studies outlined above, the researcher observes that no study has explicitly discussed e-commerce legal compliance from the perspective of Umar bin Khattab or examined its relevance in modern contexts. Therefore, this research is crucial in exploring the limitations of social commerce in facilitating transactions through its platforms to prevent conflicts of interest in electronic transactions.

This study aims to address two key issues: (1) the legal rationale behind the prohibition of social commerce conducting trade transactions in accordance with Ministerial Regulation No. 31 of 2023, and (2) the concept of legal compliance in commerce according to the views of Umar bin Khattab. These two objectives are expected to provide a comprehensive perspective on digital trade regulations in Indonesia and the relevance of legal compliance concepts in the context of modern commerce.

RESEARCH METHOD

This research adopts a normative-legal method with a statute approach and a conceptual approach (Solikin, 2021). The statute approach is employed to examine relevant regulations, particularly Minister of Trade Regulation Number 31 of 2023, which pertains to social commerce in electronic trade. Meanwhile, the conceptual approach is

utilized to analyze the concept of legal compliance according to Umar bin Khattab in the context of modern commerce. The data used in this study includes statutory regulations, legal doctrines, and pertinent legal opinions, including the views of Umar bin Khattab as a significant figure in the history of Islamic law (Muhaimin, 2020).

The research data is collected from regulations concerning e-commerce, policy documents from e-commerce platforms, and relevant legal literature. Umar bin Khattab's opinions will be examined through classical texts and subsequently analyzed using the conceptual approach to explore how these principles can be applied to legal compliance in the e-commerce context. Additionally, theories of legal compliance will be used to understand the factors influencing business actors' adherence to applicable regulations on these platforms.

RESULTS AND DISCUSSION

Legal Compliance Theory

The theory of compliance was introduced by Stanley Milgram in 1963. This theory explains the state of individuals who adhere to established commands or rules. Compliance derives from the word "patuh" (obedient) in Indonesian, meaning to obey, submit, and follow. According to the Kamus Besar Bahasa Indonesia (Indonesian Dictionary), "patuh" refers to the inclination to follow, and with the addition of the prefix "ke-" and suffix "-an," it becomes "kepatuhan" (compliance), which denotes the act of obeying. Compliance, therefore, represents an individual's submission or obedience to a particular directive or

authority. It is the act of adhering to existing rules, not because of strict sanctions or the presence of law enforcement, but rather as a manifestation of responsibility as a good citizen.

In the Indonesian language, the term “*hukum*” (law) originates from the Arabic word “*hukm*” (singular) and “*ahkam*” (plural), which mean law, provision, decree, or regulation. Law is defined as a set of regulations that must be obeyed by everyone, with clear sanctions for violations. Therefore, law can be concluded as a collection of rules (commands and prohibitions) that regulate the order of a society, and as such, must be adhered to by the public.

Legal compliance refers to the condition of a member of society submitting to the applicable legal rules. Hence, legal compliance can be summarized as the state in which society adheres to and abides by legal regulations, demonstrating behavior that aligns with the law within societal interactions. Every member of society is obligated to obey the law, as compliance is mandatory, and violations will result in legal sanctions.

Legal compliance is influenced by many factors, both internal (within the individual) and external (outside the individual). The factors that motivate someone to comply with the law often relate to personal interests. Law is perceived as a system that protects individual interests, as it serves to control society and prevent disorder. For this reason, the law embodies the crystallization of values that prevail within a society, aimed at realizing shared interests and collective ideals.

Legal compliance is closely related to legal awareness, though they differ in that compliance often stems from a fear of sanctions, while legal awareness involves no such fear. The relationship between compliance and legal awareness lies in the fact that compliance is essentially a response or behavior that arises from an individual's legal consciousness, which is then manifested in the form of loyalty or adherence to the law, demonstrated through concrete actions. This implies that a person who complies with the law is driven by an internal awareness of the legal system.

Legal Compliance According to Umar Bin Khattab

Umar bin Khattab, the second caliph after the death of Caliph Abu Bakr, implemented numerous administrative reforms, closely overseeing public policy and initiating the codification of Islamic law, including market regulation (Ramdani, 2024). The legal principles enforced by Umar remain relevant to modern online commerce. A key concept is legal legitimacy, which asserts that individuals are more likely to comply with laws when they perceive them as just and legitimate. The principles of justice applied by Umar, such as transparency and accountability in trade, can be adapted to platforms like TikTok Shop and Tokopedia. Clear and fair regulations concerning consumer protection are expected to foster greater compliance among business actors.

Additionally, the normative compliance theory posits that people will follow laws if they align with their moral values. Umar bin Khattab was known for principles such as

honesty and responsibility in business dealings. If these values are embedded in e-commerce regulations, merchants on TikTok Shop and Tokopedia would be more motivated to conduct business ethically. They would view legal adherence not merely as an obligation to avoid punishment but as the right thing to do.

Furthermore, the deterrence theory suggests that individuals will comply with laws if they believe that violations will result in firm and certain punishment. Umar's policy of consistently enforcing the law exemplifies the notion that the law must be applied impartially. By instituting clear and stringent penalties for e-commerce violations, such as fraud or data misuse, a strong deterrent effect can be achieved. Integrating the legal principles of Umar bin Khattab into e-commerce regulations could help create a more robust legal system—one that is not only effective but also reflective of strong moral values, encouraging compliance from all parties.

One of Umar Bin Khattab's sayings that can serve as a guiding principle for business actors is:

"It is prohibited to conduct business in this market except for individuals who possess a sound understanding of religious law." (Tirmidzi, 438)(*al-Tirmidhi*, 1996)

Based on the statement of Umar bin Khattab r.a., merchants wishing to conduct trade in the marketplace must have an understanding of fiqh muamalah (Islamic jurisprudence related to economic activities) (Yazid, 2017), or in other words, they must be knowledgeable about the laws governing what is permissible (halal) and forbidden

(haram). By instituting regulations regarding who is eligible to trade in the marketplace, it aims to prevent actions that contravene Islamic law (Kamaruddin, Adawiyah, Tsalis, & Abbas, 2024). Islam's teachings do not only concern the relationship between humans and Allah, but also regulate commerce and interpersonal relationships (Karman, 2024).

Umar bin Khattab tasked his subordinates to patrol the market and question merchants about the legalities of buying and selling. If a merchant could answer, they were permitted to trade; if not, their trading license was revoked (Hikmah, 2024).

Market oversight has existed since the time of the Prophet Muhammad (PBUH). He frequently visited the markets of Madinah to monitor trading activities. Later, as his governmental and personal responsibilities grew, the Prophet appointed Sa'id Ibn Ash Ibn Umayyah as the market supervisor (muhtasib) in Makkah, and Umar bin Khattab for Madinah (Aziz, 2024). The specific duty of the muhtasib was to oversee various economic activities in the market, ensure the proper functioning of market mechanisms, prevent distortions, and take corrective measures when necessary (Arifah, 2023). According to Imam Al-Mawardi, the caliph is obligated to protect and manage public interests with full responsibility (Diana, 2017).

The institutionalization of market oversight, with a more structured approach, began during the time of Umar bin Khattab. He appointed officials and formalized wilayatul hisbah (market supervision) as an official governmental department. During Umar's reign, the muhtasib played a critical

role in supervising the marketplace and the economic activities within it.

Based on Umar bin Khattab's statement prohibiting individuals who lack knowledge of Islamic regulations from trading, it can be concluded that market activities must be governed by clear rules. The aim is to achieve market welfare and prevent harm to those engaging in commerce, aligning with the objectives of Islamic law (Yazid, 2021). Therefore, market regulations are established to be adhered to, and all stakeholders involved in the marketplace must comply with the prevailing rules.

Minister of Trade Regulation on Social Commerce

Social commerce is an integrated application combining e-commerce, social media, and social networks. Social commerce is regulated under Minister of Trade Regulation No. 31 of 2023 concerning Business Licensing, Advertising, and Supervision of Business Actors in Trade Through Electronic Systems.

The definition of social commerce is outlined in Article 1, paragraph 17 of the Ministerial Regulation No. 31 of 2023, which states that social commerce refers to social media providers that offer specific features, menus, and/or facilities allowing merchants to display offers for goods and/or services. (Minister of Trade Regulation No. 31 of 2023 on Business Licensing)

In the Ministerial Regulation No. 31 of 2023, which refines the previous Ministerial Regulation No. 50 of 2020, further details are provided regarding how electronic transactions are conducted. Trade Through

Electronic Systems (PMSE) refers to trade where transactions are executed through a series of electronic devices and procedures. Merchants are defined in Article 1, paragraph 10 of the Ministerial Regulation No. 31 of 2023 as business actors engaging in PMSE using systems they have developed and managed themselves, or via systems owned by Electronic Trading System Providers (PPMSE) or other electronic systems that provide PMSE facilities.

Furthermore, Article 1, paragraph 9 of the same regulation defines PPMSE as business actors that provide electronic communication means for conducting trade transactions. From this explanation, it is evident that social commerce represents one business model under PPMSE, alongside online retail, marketplaces, online classifieds, price comparison platforms, daily deals, and this is also stipulated in Article 2, paragraph 3 of the Ministerial Regulation No. 31 of 2023.

In addition, businesses involved in PMSE must obtain a valid business license to engage in marketing activities. To obtain this license, a business entity must submit an application to the minister through the Online Single Submission (OSS) system, as regulated in Article 7, paragraph 1 of the Ministerial Regulation No. 31 of 2023. (Hasanah et al., 2024)

Article 21, paragraph 2 of the same regulation also states that social commerce is prohibited from acting as a producer, in accordance with regulations in the field of goods distribution. This prevents social commerce from assuming dual roles in electronic transactions, which could lead to unfair competition, as business actors might

be unable to compete with the prices offered by social commerce platforms. (Halomoan et al., 2023)

Finally, Article 21, paragraph 3 emphasizes that social commerce is not permitted to facilitate payment transactions within its electronic system. As a result, social commerce, when operating its electronic system, is only allowed to promote goods sold by business actors or merchants.

Legal Reasons for the Prohibition on Social Commerce Conducting Transactions on Its Platform

Since the enactment of Minister of Trade Regulation No. 31 of 2023 concerning Business Licensing, Advertising, Development, and Supervision of Business Operators in Electronic Commerce, which refines the earlier Minister of Trade Regulation No. 50 of 2020, significant changes have been made in the field of Electronic Trading (PMSE). The new regulation introduces six key provisions previously absent in the 2020 regulation, including the regulation of business models for PMSE operators, the imposition of a minimum price of USD 100 per unit for foreign finished goods, the introduction of a positive list of foreign goods allowed to enter Indonesia directly, specific requirements for foreign merchants on domestic marketplaces, a prohibition on payment transactions by marketplaces and social commerce platforms, and restrictions on data control by PMSE operators and affiliates. These regulations aim to prevent social commerce from taking on dual roles in electronic transactions, which could hinder other businesses from

competing on price, promote a fair and healthy trading ecosystem, and support micro, small, and medium enterprises (MSMEs) while enhancing consumer protection. The regulation also seeks to protect personal data, as demonstrated by a 2019 data breach involving one of the largest social media platforms, where the personal information of 540 million users was exposed. The prohibition on social commerce conducting transactions is thus designed to safeguard data sovereignty and prevent identity fraud.

Further, TikTok Shop's acquisition of Tokopedia is governed by Law No. 40 of 2007 on Limited Liability Companies. The law defines an acquisition as a legal action in which one or more companies acquire the shares of another corporation, without dissolving the legal entity of the acquired company. Companies typically pursue acquisitions to accelerate market penetration, reduce risks and costs in product development, strengthen market positions, and gain access to valuable information or technology. However, the process requires strict adherence to legal and regulatory frameworks, including obtaining approval from authorities, protecting shareholder interests, and safeguarding employee rights. TikTok, which has operated as a social commerce platform in Indonesia since 2017, launched TikTok Shop in 2020 to enable commercial transactions. Tokopedia, founded in 2009, is one of the largest e-commerce platforms in Southeast Asia. The introduction of Minister of Trade Regulation No. 31 of 2023, aimed at ensuring fair competition among e-commerce operators,

prompted TikTok to shut down TikTok Shop in Indonesia on October 4, 2023, due to the newly imposed regulatory framework.

In response to the closure, TikTok swiftly entered into a strategic partnership with Gojek Tokopedia Tbk (GoTo), with an investment of USD 1.5 billion and the acquisition of a 75% stake in Tokopedia. This partnership, announced in November 2023, aims to strengthen Indonesia's digital economy and expand the market for MSMEs. Although TikTok Shop's features remain largely unchanged, with transactions still being conducted within the TikTok app, the Ministry of Trade has granted TikTok and Tokopedia a 3-4 months grace period to transition their transactions, acknowledging the complexities involved. However, a debate persists on whether the government should offer such leniency, given that TikTok Shop was initially licensed solely as a social commerce platform, not as an e-commerce entity.

Case Study: TikTok's Acquisition of Tokopedia

The acquisition of Tokopedia by TikTok Shop unfolded through several crucial phases. (Asri & Hidayat, 2024) First, in 2022, TikTok announced its intention to enter the e-commerce market more aggressively, driven by the rapid growth of digital commerce spurred by shifting consumer behavior. By early 2023, TikTok identified Tokopedia as a strategic target due to its strong position as a leading e-commerce platform in Indonesia. Negotiations between the two parties began, involving discussions on the acquisition's value and operational integration. By mid-2023, the acquisition was officially

announced, marking a significant milestone for TikTok as it expanded its services beyond social media into the realm of e-commerce. Following the acquisition, integration steps were taken to merge TikTok's features with Tokopedia's platform, allowing users to shop directly through video content.

The business background of both companies is highly relevant in understanding the context of this acquisition. TikTok, owned by ByteDance, has emerged as one of the world's most popular social media applications, renowned for its engaging and interactive short video content. The company recognized significant potential in monetizing its platform through e-commerce, particularly in the rapidly growing Southeast Asian market. On the other hand, Tokopedia, founded in 2009, has grown into one of Indonesia's largest marketplaces, with a focus on empowering small and medium-sized enterprises (SMEs) and providing a wide array of products to consumers. (Wulandari, Djie, & Nugroho, 2024) The synergy between TikTok's content-driven marketing strength and extensive user network, coupled with Tokopedia's robust e-commerce infrastructure, is expected to generate mutually beneficial outcomes for both companies.

This acquisition has wide-ranging implications for Indonesia's commercial ecosystem. First, the integration of TikTok Shop with Tokopedia has the potential to enhance the consumer shopping experience by enabling users to purchase products directly from the content they view on social media platforms. (Darmawan, 2024) This development may reshape how consumers

engage with products and brands, making shopping more interactive and appealing.

However, negative consequences also need to be considered. The dominance of a single major platform could reduce competition in the e-commerce market, potentially leading to higher prices and lower service quality for consumers. Furthermore, small businesses that previously benefited from the presence of multiple marketplaces may face challenges competing within an ecosystem dominated by these two giants. As a result, stringent market regulations and oversight are necessary to ensure that this acquisition does not disadvantage businesses and consumers in Indonesia.

The acquisition of Tokopedia by TikTok Shop not only involves strategic and financial aspects but also raises significant legal compliance considerations in the context of social commerce. Regulation No. 31 of 2023 from the Ministry of Trade is highly relevant in this regard, as the acquisition is poised to impact Indonesia's digital commerce ecosystem. The following analysis highlights how this regulation pertains to the acquisition.

One of the key elements of Regulation No. 31 of 2023 is the transparency obligation imposed on businesses operating within social commerce. In the context of TikTok's acquisition of Tokopedia, transparency becomes paramount. As the acquiring company, TikTok must provide clear and accurate information regarding the integration of new features following the acquisition. This includes how products will be marketed and sold on the integrated platform, as well as how they will maintain

transparency with consumers to reduce uncertainty and build trust among new users.

The regulation underscores the importance of consumer protection, which becomes even more critical when two large platforms merge. During the acquisition process, TikTok must ensure that the rights of consumers using Tokopedia remain safeguarded. For example, return policies and personal data protection must comply with the provisions set forth in the regulation. Failure to do so could lead to legal challenges, potentially jeopardizing the business's reputation and sustainability post-acquisition.

Regulation No. 31 of 2023 outlines clear oversight mechanisms for social commerce practices. Post-acquisition, TikTok Shop and Tokopedia must be prepared to face scrutiny from relevant authorities, such as the Ministry of Trade. They must ensure that all business practices conducted after the acquisition adhere to this regulation. Violations of existing provisions could result in penalties and fines, potentially harming both companies, financially and reputationally.

In conclusion, the acquisition of Tokopedia by TikTok Shop presents new challenges and opportunities within Indonesia's digital commerce ecosystem. Stakeholders will need to adapt to maximize the benefits and mitigate the risks associated with this merger.

Analysis of the Implementation of Umar Bin Khattab's Legal Practices on TikTok Shop and Tokopedia

Market oversight, as practiced during the era of Umar Bin Khattab, is now carried out by institutions established by government

authorities. Among these are the Financial Services Authority (OJK), responsible for overseeing the financial industry; the Business Competition Supervisory Commission (KPPU), which monitors market competition; and the Ministry of Trade and Ministry of Industry, which legislate regulations concerning trade and industry.

The need for monitoring commercial activities, which has been in place since Umar Bin Khattab's time, arises from the inherent human potential for moral deviations. These regulations also aim to protect the weaker parties from fraudulent activities by others who violate the rules (Karman, 2024).

In the case of TikTok's acquisition of Tokopedia, where TikTok Shop was previously shut down for violating Regulation No. 31 of 2023 issued by the Ministry of Trade concerning Business Licensing, Advertising, and the Supervision of Business Actors in Electronic Trade, the re-entry of TikTok Shop through a partnership with Tokopedia raises the question of whether this violates existing regulations, given that TikTok Shop remains integrated with the social media platform and transactions can still be conducted via the same application (Interview with Teten Masduki, 19/02/2024).

In line with the role of market oversight institutions during Umar Bin Khattab's time, which included: 1) monitoring the availability of goods and services in the market; 2) overseeing industries; 3) supervising services; 4) regulating trade; 5) urban planning and market regulation; and 6) overseeing the overall market (Artifah, 2023), today's oversight over whether the acquisition of TikTok Shop and Tokopedia constitutes a

legal violation falls to the OJK, KPPU, and the Ministry of Trade.

According to Financial Services Authority Regulation No. 31/POJK.04/2015 on the Disclosure of Information or Material Facts by Issuers or Public Companies, and the decision of the Directors of PT Bursa Efek Indonesia No: Kep-00066/BEI/09-2022 regarding Amendments to Regulation No. I-E on the Obligation to Disclose Information, public companies must report any material information or facts to OJK within two days after completing a transaction. Material information refers to significant and relevant facts or events that could affect the price of securities on the Stock Exchange (Financial Services Authority Regulation No. 31//POJK.04/2015). In compliance with this regulation, PT GoTo Gojek Tokopedia Tbk fulfilled this obligation on December 11, 2023.

Similarly, the obligation to notify KPPU of mergers and acquisitions is regulated under Article 7 of KPPU Regulation No. 3 of 2023 concerning the Evaluation of Mergers, Consolidations, or Acquisitions of Businesses and/or Assets That May Result in Monopolistic Practices and/or Unfair Business Competition, which comprises two stages: a consultation process during the period when the merger or acquisition becomes legally effective, and notification within a maximum of 30 days after the merger or acquisition is completed. In this case, TikTok completed its share and asset acquisition of Tokopedia on January 30 and 31, 2024, and it was notified to KPPU on March 13 and 19, 2024 (KPPU Press Release No. 25/kppu-pr/iv/2024).

With the opportunity granted by the Ministry of Trade, TikTok Shop and Tokopedia have been cleared of violating the Ministry of Trade Regulation No. 31 of 2023 concerning Business Licensing, Advertising, and the Supervision of Business Actors in Electronic Trade. Despite TikTok's social commerce license, the 70% share acquisition of Tokopedia allows TikTok to conduct transactions through Tokopedia's backend system (Suhartono & Fauzan, 2024).

The backend refers to the part of a website that is not visible to users and usually deals with behind-the-scenes data. It is connected to the frontend, transmitting and receiving information to be displayed as web pages (Mubariz, 2020). TikTok's backend supports promotional activities, while Tokopedia handles transactions.

The Ministry of Trade stated that the integration process between TikTok and PT Tokopedia has been completed and they have obtained the Electronic System Provider Registration Certificate (TDPSE), granted by the Ministry of Communication and Informatics. This process culminated in an application called Shop Tokopedia, which is fully managed by PT Tokopedia, covering payments, user data, and merchant management (Interview with Isy Karim, 5/4/2024).

Umar Bin Khattab once prohibited merchants who lacked legal knowledge from setting up stalls in the marketplace. This prohibition was an instruction from the ruling government. In the case of TikTok Shop's acquisition of Tokopedia, the overseeing bodies, including the OJK, KPPU, and the Ministry of Trade, have affirmed that all

actions have adhered to the applicable regulations. However, both companies will continue to be monitored to ensure compliance with the law. The acquisition of Tokopedia by TikTok Shop aligns with Umar Bin Khattab's principle of avoiding "mafsadah" (harm) by preventing injustice in business activities.

Legal and Social Implications of Implementing Legal Compliance According to Umar bin Khattab

The principles of Umar bin Khattab, one of the most respected caliphs in Islamic history, hold significant relevance in modern digital commerce, particularly in promoting justice, transparency, and social responsibility. Umar's emphasis on justice, illustrated by his famous quote, "Justice is the foundation of every affair," underlines the importance of creating a fair marketplace where all businesses, including small and medium enterprises, have equal opportunities. In digital commerce, this translates into non-discriminatory practices and policies that safeguard consumer rights and support small businesses.

Transparency, another core value championed by Umar, is vital in ensuring that businesses provide clear and accurate information regarding their products, prices, and return policies, empowering consumers to make informed choices. This aligns with Umar's belief that transparency builds trust, as highlighted in his saying, "Inform people of what they need, and they will rely on you." In the context of social commerce, transparent business practices help to build

consumer confidence and promote ethical decision-making among sellers.

Furthermore, Umar's commitment to the welfare of the vulnerable is reflected in the need for robust consumer protection laws in digital commerce. He viewed leadership as a responsibility to protect the weak, which today resonates with the importance of safeguarding consumer rights through effective regulations and dispute resolution mechanisms. By ensuring that consumers have access to protection and recourse in case of unfair practices, digital commerce can uphold Umar's principle of caring for the most vulnerable members of society.

Additionally, Umar was known for his accountability, urging leaders to be answerable for their actions. In the digital marketplace, this principle demands that businesses take responsibility for their products and services, ensuring quality and ethical practices. Business operators should be held accountable for the quality of their goods, their customer service, and the transparency of their transactions, thus maintaining integrity in the digital economy.

Lastly, Umar's encouragement of innovation, while grounded in ethics, highlights the need for businesses to adopt new methods in social commerce that enhance accessibility without compromising on ethical standards. Innovation in digital commerce should focus on improving consumer access to products and services while maintaining fairness and respect for all parties involved. Together, these principles provide a strong foundation for designing regulations that promote fairness,

accountability, and sustainable economic growth in the digital era.

CONCLUSION

This research concludes that the legal compliance principles according to Umar bin Khattab are highly relevant to the context of social commerce in Indonesia. The key findings highlight the significance of fairness in transactions, transparency of information, consumer protection, accountability, and ethics-driven innovation. Umar bin Khattab emphasized that every business entity must treat all parties justly and uphold public trust. In the context of social commerce, where transactions are often conducted digitally without direct interaction, the application of these principles can foster a healthier and more sustainable trade ecosystem. Policies that prioritize consumer rights protection and business accountability will enhance public trust in digital platforms and promote inclusive economic growth.

To refine regulations in modern commerce in alignment with Umar bin Khattab's values of justice, several measures can be undertaken. First, consumers must be protected by clear regulations, such as easy return procedures and safeguarding their personal data. Second, sellers in social commerce should provide transparent information about products, pricing, and sales terms, ensuring that consumers can shop securely.

Furthermore, the government must play a more proactive role in supervising digital commerce through regular inspections and enforcing laws to ensure compliance. Education on the rights and responsibilities

of both sellers and buyers is also crucial and can be delivered through seminars or information campaigns. Lastly, regulations should include sanctions for sellers who are unfair or lack transparency, holding them accountable for their actions. By implementing these measures, the rules governing social commerce can better reflect Umar bin Khattab's values and create a more just and transparent trading environment in Indonesia.

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