

YLKI'S ROLE IN THE DIGITAL ECONOMY AND ARTIFICIAL INTELLIGENCE

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CONSUMER PERSPECTIVE ON DIGITAL ECONOMY AND AI

- Indonesia's digital economy has been experiencing robust growth, driven by sectors like e-commerce, fintech, and digital services. In 2023, Indonesia's digital economy was valued at approximately USD 77 billion, and it's expected to reach USD 130 billion by 2025, reflecting a compound annual growth rate (CAGR) of around 19%.
- In the AI sector, adoption is accelerating across various industries, including financial services, manufacturing, and healthcare. A recent study highlighted that 62% of companies in financial services and manufacturing are integrating AI into their operations, with applications ranging from customer service to fraud detection and inventory management.

Opportunities:

- **Convenience:** The digital economy provides consumers with unparalleled convenience through online shopping, digital payments, and various e-services.
- **Personalization:** enables businesses to offer personalized recommendations and services
- **Accessibility:** access a wider range of products and services, often at competitive prices.

Challenges:

- **Privacy and Data Security:** Incidents of data breaches and misuse of personal information are on the rise.
- **Deceptive Practices:** The digital economy has seen a surge in deceptive practices, such as online scams, fake reviews, and misleading advertisements.
- **Digital Divide:** Not all consumers have equal access to digital technologies.
- **Lack of Transparency:** AI-driven decisions, especially in pricing and advertising, often lack transparency.

A FEW EXAMPLES OF AI-RELATED INCIDENTS OR CONCERNS IN INDONESIA

DATA BREACH

In May 2022, a massive data breach occurred involving Indonesia's Health Insurance Administration Agency (BPJS Kesehatan). The personal data of millions of Indonesian citizens, including names, addresses, and health records, were exposed and sold on dark web forums.



MISINFORMATION AND FAKE NEWS

Leading up to the 2024 general elections in Indonesia, there was a spike in AI-generated misinformation targeting political candidates. Deepfake videos and AI-generated articles were used to manipulate public opinion and discredit opponents.

Digital Economy Regulation in Indonesia

Basically the digital economy regulations in Indonesia rules about electronic system and transaction.

Undang-Undang (Law)

- Law No. 8 of 1999 on Consumer Protection
- Law No. 11 of 2008 on Electronic Information and Transactions (UU ITE)
- Personal Data Protection Law (UU PDP) - Law No. 27 of 2022

Peraturan Pemerintah (Government Regulation)

- Government Regulation No. 71 of 2019 on the Implementation of Electronic Systems and Transactions (PP 71/2019)
- Government Regulation No. 80 of 2019 on E-Commerce (PP 80/2019)

Peraturan Menteri (Ministerial Regulation)

- Minister of Communication and Information Technology Regulation No. 5 of 2020 on Electronic System and Transaction Operation
- Minister of Trade Regulation No. 50 of 2020 on Business Licensing in the Electronic Systems Sector



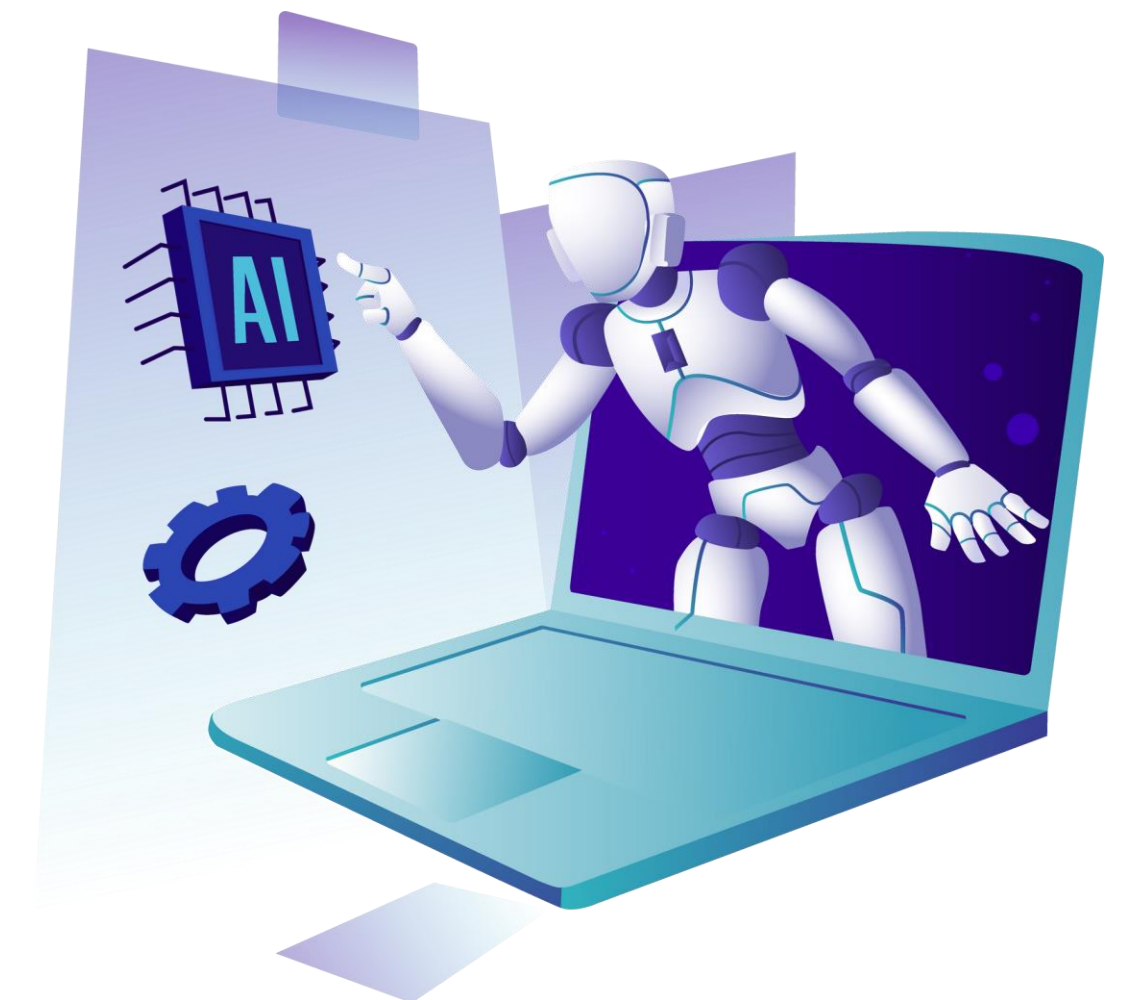
As of today, Indonesia does not have specific regulations solely dedicated to artificial intelligence (AI). However, the government has taken steps to address AI through various frameworks and regulations:

- 1. National Artificial Intelligence Strategy (Stranas KA) 2020**
- 2. Minister of Communication and Information Technology Regulation No. 3 of 2021**
- 3. Electronic Information and Transactions Law (UU ITE)**
- 4. Personal Data Protection Law**
- 5. Circular Letter No. 9 of 2023 on Artificial Intelligence Ethics**
- 6. Financial Services Authority (OJK)**

The existing consumer protection law in Indonesia is outdated and no longer adequately addresses the challenges and complexities of today's marketplace.

While consumer awareness and the demand for protection have increased, the current regulations mainly safeguard consumers from legal actions but still fall short in protecting them from illegal action.

Also we need to increase the digital literacy index in Indonesia.



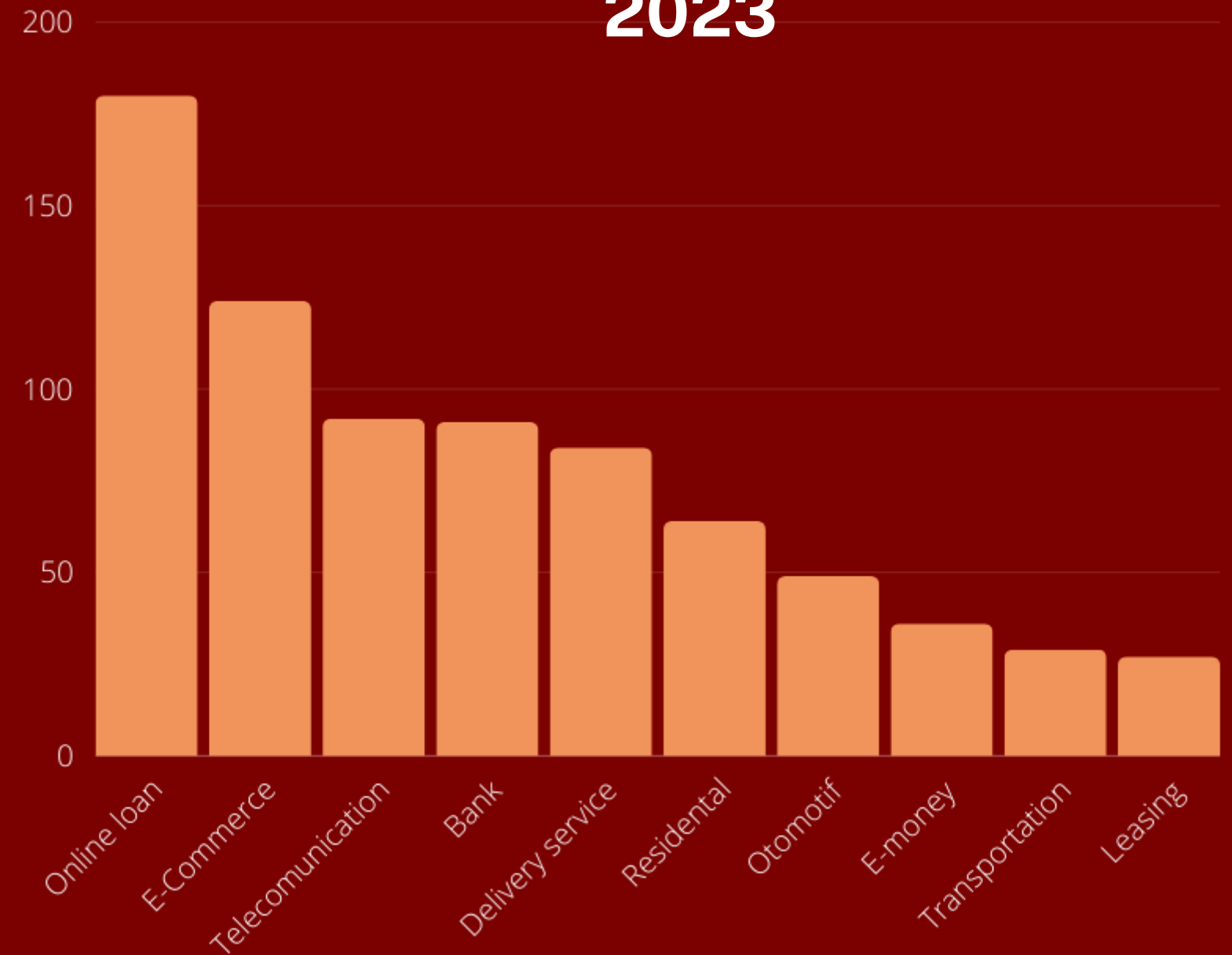
YLKI's ROLE

YLKI, as a prominent consumer organization in Indonesia, plays a critical role in safeguarding consumer rights in the digital economy and AI era. Its advocacy efforts are focused on ensuring that consumers are protected, informed, and empowered to make decisions that benefit their well-being.

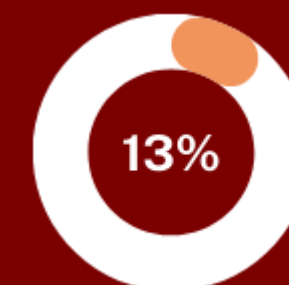
Complaint Handling

YLKI operates complaint handling services where consumers can report issues related to digital transactions. By addressing these complaints, YLKI helps to ensure that consumers have access to redress mechanisms and that their grievances are heard and resolved.

Top 10 Complaint to YLKI in 2023



FINANCIAL SERVICES
50% online loan, 10% e-money



E-COMMERCE
Online fraud, refund

CONSUMER EDUCATION AND AWARENESS

YLKI conducts various programs to educate consumers about their rights and the potential risks associated with digital transactions and AI applications. We already appeared on a radio talk show aimed at equipping consumers with the knowledge to navigate the digital marketplace safely.



POLICY ADVOCACY

YLKI engages with policymakers to influence the development of regulations that protect consumer rights in the digital economy. This involves providing input on laws related to data protection, cybersecurity, and fair digital market practices. YLKI advocates for transparent and accountable AI systems that prioritize consumer welfare.

OUR CONCERNS

- Early Warning System:
- Dispute Resolution Mechanism:
- Extended Producer Responsibility (EPR):
- Transboundary Issues
- There's a need to ensure that the development of the digital economy and AI is done with attention to ethics, regulations, and social impact

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Thank You

FOR YOUR ATTENTION