

DATA LOCALIZATION POLICY AND ITS IMPACT ON E-COMMERCE TRANSACTION IN INDONESIA

ABSTRACT

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Now we are in digital economy era where all human activities are driven by internet causing fundamental change in the global economy and leading to new modes of communications , information sharing and new models of business. Globalization has entered a new era defined by data flows transmit information, ideas, and innovation. As digital information increases in importance in the world economy and digital trade have become growing interest in which all business activities rely heavily on cross border flow of data to create, sell, deliver products and services. However, several countries such as Russia, Brazil, Vietnam and Indonesia have implemented data localization policy and regulations require companies to store and process data on servers physically located within their respective national borders. These laws perceived as growing threat to e-commerce and will potential cause companies to withdraw operations from key markets, harm Internet users, and further fragment the global Internet.

Indonesia has issued a regulation on data localization namely Government Regulation No. 82 of 2012 on the Implementation of Electronic Transaction System and Transaction as the implementing rule of Law Number 11 Year 2008 on Information and Electronic Transactions as amended by Law Number 19 Year 2016. There are two main objective as to why Indonesia governs this issue one is for the purpose of law enforcement, ensure the national sovereignty over the data of Indonesia's citizen

This paper will explores data localization regulation and the extent to which the localization of this data impact on e-commerce transactions in Indonesia

(key words ; Data Localication, E-Commerce, Policy, Impact, Indonesia)