

EFFECTIVENESS OF PAYMENT SYSTEM OF CASH ON DELIVERY (COD) TO BUSINESSMEN



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Abstract

The advent of online shopping has revolutionized the way consumers make purchases, offering a diverse range of payment options for goods bought online. This study aims to examine the effectiveness and potential issues arising from the implementation of Cash on Delivery (COD), a widely used payment method. Employing a juridical-empirical approach, the research gathers insights through interviews with individuals and businesses that utilize COD in their online stores. Additionally, it examines relevant laws governing business protection (for both sellers and buyers). The study reveals that business owners perceive COD to be detrimental due to the high incidence of unilateral order cancellations by buyers upon package delivery. In response to these concerns, the research emphasizes the need for regulations that safeguard business interests, as outlined in consumer protection laws.

Keywords: Payment System, Online Shopping, Cash on Delivery, Business Actors

INTRODUCTION

As time goes by and times continue to change, it cannot be denied that many new technologies and internet systems have been born from developments in this era. Technological developments in the current era are born from brilliant ideas and thoughts, thus forming a new technology (Isbahi et al, 2022; Prasetyo, 2023). Starting from the existence of smartphones and all their internet technology. The development of the times has also given birth to new technology and the internet in the field of trade, both trades carried out domestically and abroad (Hasanah et al, 2024). In the current era, these trades can be done online through various marketplaces/e-commerce. Marketplace/e-commerce is a business process using electronic technology that connects companies, consumers, and society in the form of electronic transactions and electronic exchange/sale of goods, services, and information (Fuady, 2005). In other words, marketplace/e-commerce is a means for business actors (sellers) to trade their business products and be purchased by consumers who are searching for goods they want to buy through the marketplace. Thus, business actors can register their online shops on the marketplace. There are examples of official marketplaces/e-commerce that are developing in the current era, such as Shopee, Tokopedia, Blibli.com, Alibaba, Lazada, and many other marketplaces. An online shop or online shop is a shop that trades its business products virtually for consumers who want to do online shopping. Online shopping is the process of shopping online by purchasing goods or services by consumers from traders in real-time, without a waiter, and via the internet network (Faulina, 2021). Online shopping activities aim to make things easier for various parties, both business actors and consumers (Utami et al, 2023).

Based on Article 1 number 3 of Law Number 8 of 1999 concerning Consumer Protection (UUPK), business actors are every individual or business entity, whether in the form of a legal entity or non-legal entity, which is established and domiciled or carries out activities within the jurisdiction of the Republic of Indonesia, either individually or jointly through an agreement to carry out business activities in various economic fields (Law Number 8 of 1999). Meanwhile, a consumer is every person who uses goods and/or services available in society, whether for the benefit of themselves, their family, other people, or other living creatures, and not for trading. The convenience provided by this online shopping

activity for business actors is that they can market their merchandise more widely because it can be accessed online by the consumer community. Apart from that, the convenience that consumers can get is that consumers can enjoy viewing the catalog of products or goods they are looking for online through online shops circulating in the marketplace/e-commerce simply by opening their online shopping platform account, and then selecting the product, whichever they want. Online shopping also makes it easier to shop without having to visit shops directly, which can take energy, time, materials, and other things. With this online shopping system, it can increase the effectiveness of activities carried out by business actors and consumers. So, it cannot be denied that online shopping activities have become an alternative to shopping or fulfilling everyone's daily needs.

Online shopping activities are often carried out anonymously, where business actors as traders and consumers as buyers do not meet directly in online buying and selling goods transactions. Of course, this can more easily lead to legal crimes between the perpetrators of buying and selling transactions (traders and buyers). Legal crimes that often occur are in the payment process for buying and selling transactions. Examples of legal crimes that often occur include cases of fraud between business actors and consumers. Crimes committed in online buying and selling are included in conventional crimes. Based on Articles 1 and 2 of Law Number 11 of 2008 Jo. Law Number 10 of 2016 concerning Information and Electronic Transactions (UU ITE), Electronic Transactions are legal acts carried out using computers, computer networks, and/or other electronic media. There are certainly various payment systems that can be made between business actors and consumers, through account transfer systems or Virtual Accounts in Mobile Banking and other payment platforms. There is also a payment system using Cash on Delivery (COD). The Cash on Delivery (COD) system is a payment method by paying for orders in cash when they arrive at their destination (Aqil et al, 2022). This Cash on Delivery (COD) payment system does not make direct payments like transfers in general. Instead, payment is made when the courier arrives to deliver the goods purchased by the consumer and the consumer makes the payment given to the courier. Payment can be in the form of cash or transfer to the goods courier according to the agreement between the courier and the consumer. However, based on incidents and analyses that have been carried out, several issues have become problems or problematic in society. This

problem occurs in the protection of consumers and the parties involved in the Cash on Delivery (COD) payment system. This happens because the process of delivering goods takes time and payment has not been made for the goods, so it often happens that when the goods have been delivered by the courier, the consumer/buyer does not receive and pay for the goods for various reasons. This becomes a burden for the courier because they have to return the goods to the business actor. Then, business actors also certainly feel that they have suffered material losses due to the return of sales products that had been purchased by agreement, but were thwarted because there was no payment transaction for the goods. Therefore, as a business actor, it is best to give an ultimatum in the form of regulations or other ultimatums to consumers who default to minimize material losses to business actors. As also explained by the admin staff of one of the online shops, the seller cannot provide benefits in the form of free shipping promos to buyers who have defaulted on Cash on Delivery (COD) payments. Of course, this is not only detrimental to buyers, but sellers/business actors also often receive warnings from e-commerce that oversees their online shop, where if goods are returned due to failure to pay by the buyer/consumer, the seller/business actor can be deemed to have not provided good service and products to be accepted by buyers. So, actions where buyers/consumers default by not making payments using the Cash-on-delivery (COD) system can certainly harm various parties, especially sellers/business actors.

RESEARCH METHOD

The research method used in this article is juridical-empirical research with qualitative data analysis techniques or data acquisition which is then processed systematically and analyzed qualitatively to reach answers to the problems that are discussed in reviewing juridically related legislation governing the Level of effectiveness of the Cash on Delivery (COD) payment system. The juridical-empirical research method is a legal research method that examines applicable legal provisions and what happens in reality in society or research carried out on actual conditions that occur in society, to find facts that are used as research data which are then analyzed. to identify problems which ultimately leads to solving the problem (Waluyo, 2002). Apart from that, empirical juridical research is also a type of legal

research that implements normative legal provisions in real terms (in action) on events that often occur to find out factual events in everyday life (Muhammad, 2004). This research was carried out by interviewing business actors to obtain information collected based on the opinions and perspectives of business actors regarding the Cash on Delivery (COD) payment system. This research was conducted using an approach to legislation (Statute Approach) and a conceptual approach. Where the legislative approach is carried out by analyzing statutory points and regulations that have relevance to current legal issues (Marzuki, 2013). This approach is carried out by examining the laws that regulate the protection of business actors as regulated in Law Number 8 of 1999 concerning Consumer Protection and other laws that are relevant to the topic of this research. Then, related to the conceptual approach, which is a method that grows from perspectives and doctrines that develop in legal science by giving birth to legal concepts and principles that are relevant to issues faced in everyday life (Marzuki, 2007). Apart from that, this research also uses primary data sources/legal materials. The primary data source is obtained from surveys conducted in the field to find out real events in everyday life (Soekanto, 1986). This research was also created using secondary data taken from relevant jurisdictional/legislative sources. These data sources were collected using interview techniques or by conducting a question-and-answer process with the sources. Apart from that, data collection was also carried out by looking at references based on literary sources such as legislation, books, journals, articles, and so on.

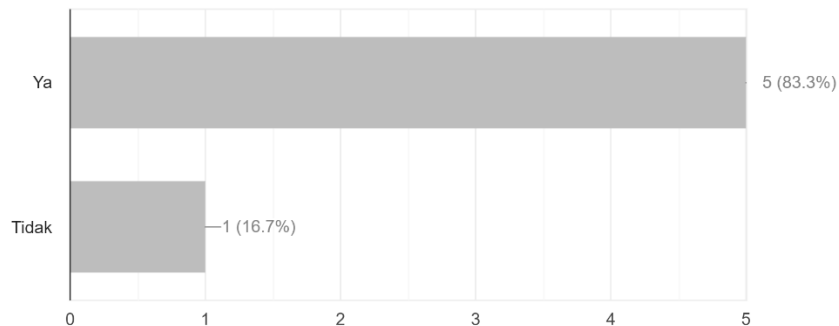
RESULTS AND DISCUSSION

Effectiveness of the Cash on Delivery (COD) Payment System on Product Sales of Business Actors

The existence of a Cash-on-Delivery (COD) payment system helps consumers/buyers to purchase a product. The Cash-on-Delivery (COD) payment system makes it easier for consumers to order goods and while the product is in the delivery period, consumers can prepare funds to make payments when their order arrives and is delivered by the courier. However, behind the convenience of the Cash on Delivery (COD) payment system, there is another perspective for business actors or online traders who implement this payment system in their shops. The existence of a Cash on Delivery (COD) payment system makes business

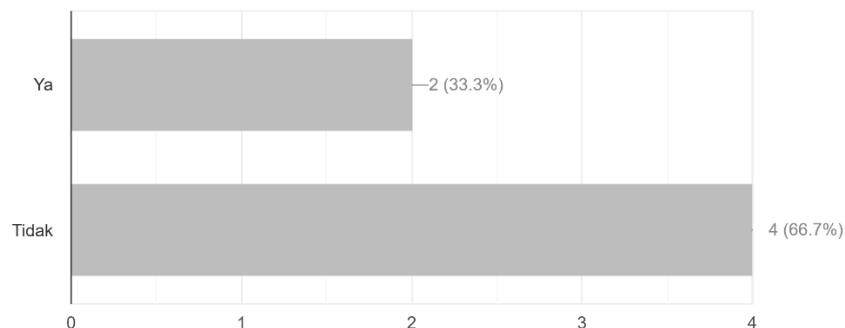
actors or online traders think that this payment system is less effective if implemented. This was proven in a survey conducted by the author via a form distributed to business actors or online traders and there were 6 (six) business actors or online traders as survey respondents. The results of the survey indicate that business actors feel that the sales of their products are ineffective and suffer losses from the Cash on Delivery (COD) payment system, as follows:

Dari kejadian yang terjadi di dunia jual beli basis online, kerap kali ditemukan adanya wanprestasi pembayaran yang dilakukan oleh Customer (Pembel...n mikro/ kerugian makro bagi online shop Kakak?
0 / 6 correct responses



In the diagram, there are 5 (five) out of 6 (six) respondents, or 83.3% who stated that the implementation of the payment system Cash on Delivery (COD) causes losses to the business. This is also supported by the following survey results:

Apakah dengan adanya sistem pembayaran Cash on Delivery (COD) merupakan suatu jalan yang efektif bagi peningkatan penjualan produk dan menghasilkan keuntungan bagi online shop Kakak?
0 / 6 correct responses



In this diagram, the answer is that the majority are business actors or traders online feel payment systems Cash on Delivery (COD) is not an effective thing in providing profits for selling products. This payment system is not effective because it will cause losses to the business actor's product sales. This is considered ineffective because consumers or buyers often fail to make payments when the ordered product has arrived at its destination address. Based on the survey, business actors believe that this happens due to low levels of Human Resources (HR) among consumers or buyers, so the payment system fails Cash on Delivery (COD) can open up opportunities for buyers who just want to shop but have no intention of buying the product. Failure to enter/income from buyers to business actors is also something that makes business actors evaluate the payment system Cash on Delivery (COD) is not effective if implemented. Apart from that, business actors also think that implementing a payment system is beneficial Cash on Delivery (COD) by consumers or buyers will most likely make couriers feel lazy and have little interest in delivering goods purchased using the payment system Cash on Delivery (COD) because many consumers or buyers are found to be reluctant to pay when the goods have been delivered so that the goods must be returned or returned and this creates a risk for sellers who receive returned goods in conditions that are no longer suitable for sale. This is a consequence for business actors if goods are returned because the product was not paid for at the time of implementation of Cash on Delivery (COD) in progress.

Legal Protection for Business Actors Related to the Cash on Delivery (COD) Payment System

Most Indonesian people are interested in online shopping. This is the reason why e-commerce was created to make it easier for people to buy and sell online, both for business people and consumers or buyers. E-commerce, which is among online buying and selling transactions, is an electronic system organizer. As stated in Article 1 number 6 letter of Law Number 19 of 2016 concerning Amendments to Law Number 11 of 2008 concerning Electronic Information and Transactions (UU ITE) which states that an Electronic System Operator is every person, state administrator, body Business, and communities that provide, manage and/or operate Electronic Systems, either individually or jointly to Electronic System users for their own needs and/or the needs of other parties (Sri & Adnyani, 2021). In the

buying and selling system, there is a binding element in the agreement. An agreement is a legal event that is often carried out by humans due to reciprocal social interaction (Iswara et al, 2018). A sale and purchase agreement executed electronically through an online e-commerce transaction is an engagement or relationship with a communication system. However, online buying and selling agreements via e-commerce also need to fulfill the agreement requirements as regulated in Article 1320 of the Civil Code, which states that a valid agreement must include 4 (four) conditions, namely as follows:

- 1) Agreement or consent of the parties
- 2) Skills in carrying out engagements
- 3) A certain subject matter
- 4) A legitimate cause.

In condition 1 (one) it is explained that an agreement can be said to be valid if there is an agreement or consent of the parties. This concerns the existence of an agreement made by business actors to sell their products via e-commerce in the applicable payment system. One of them is the Cash on Delivery (COD) payment system. Business actors are also obliged to provide accurate and clear information when promoting their sales products. Therefore, the Cash on Delivery (COD) payment system was created to ensure the similarity of the product that has arrived to be delivered by the courier with the information provided in the product description from the business actor. By fulfilling these conditions, the sale and purchase agreement through a Cash on Delivery (COD) transaction between the business actor and the consumer or buyer can be said to be valid because it meets the requirements as regulated in Article 1320 of the Civil Code.

However, it does not rule out the possibility of default by buyers against business actors in making payments for products that have been ordered and are delivered by courier to the destination address. Legal action can be taken if rights are violated or a breach of contract occurs. This is done to provide a deterrent effect for consumers or buyers who consider online buying and selling trivial. In Article 38 of the ITE Law Number 11 of 2008, it is stated that: "Every person can file a lawsuit against a party that operates an electronic system and/or uses

information technology that causes losses." In this case, a business actor can file a lawsuit against consumers or buyers who do not pay for their products when the product ordered has arrived and must be returned to the business actor even though the business actor has fulfilled the requirements for the product they are selling. Consumers or buyers can be sued on the basis that they have violated the rights of business actors and consumer obligations contained in - Article 5 of Law Number 8 of 1999 concerning Consumer Protection which explains that consumers are obliged to read or follow information instructions and procedures for the use or use of goods and/ or services, for the sake of security and safety, must act in good faith when carrying out transactions to purchase goods and/or services, must pay according to the minimum agreed upon by the two parties, and follow appropriate legal resolution efforts for consumer protection disputes, apart from that in Article 6 it is also explained that business actors have the right to receive payments in accordance with agreements regarding the conditions and exchange value of traded goods and/or services, the right to obtain legal protection from consumer actions that are not in good faith, the right to carry out appropriate self-defence in the legal resolution of consumer disputes , the right to rehabilitate one's good name if it is legally proven that the consumer's loss was not caused by the goods and/or services being traded (Law Number 8 of 1999). However, in Law Number 8 of 1999, there are no sanctions imposed on consumers or buyers for similar violations. Another sanction that can be issued by business actors against consumers is asking for compensation for the treatment of consumers or buyers who have unilaterally canceled their orders as regulated in Articles 1266, 1267, and 1517 of the Civil Code (Sinaulan, 2023). Therefore, it is not justified if a consumer or buyer cancels unilaterally or refuses to make payment to the courier for a product that has been ordered and successfully delivered for reasons that do not correspond to reality, such as a consumer refusing payment because the product delivered does not match the color of what was ordered. , while business actors have sent their products according to the product specifications ordered by consumers. This could happen because consumers or buyers only make excuses so that the product is not purchased or paid for.

CONCLUSION

The ease of the Cash on Delivery (COD) payment system does not always have a positive impact on various parties, especially business actors. Not a few business people have complained about the implementation of this payment system. Most business actors feel that the implementation of the Cash on Delivery (COD) payment system causes losses to their business for various reasons caused by consumers or buyers who implement the Cash on Delivery (COD) payment system.

In that case, business actors certainly have the right to file a lawsuit due to "naughty" consumers or buyers who commit violations or default on the products they have ordered. Referring to Article 5 and Article 6 of Law Number 8 of 1999 concerning Consumer Protection, every consumer or buyer has the obligations as stated and business actors also have rights as sellers if things happen that are not desired by the business actor. This is considered to be detrimental to his business.

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