Legal Risk and Impact of Fake Review in Online Commerce (Comparative Study Indonesia and Uzbekistan)

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ABSTRACT

This study aims to outline the legal risks and consequences of fake reviews in online commerce as they relate to Indonesian and Uzbek laws. The next goal is to learn about Indonesia's legal reconstruction laws that shield online shoppers from fraudulent reviews. This study employs a legal research methodology that looks at pertinent legal provisions to what is actually taking place in society. Primary data are those that can be used as research materials. Information such as Uzbek and Indonesian laws and regulations that control the legal risks and effects of fraudulent reviews on internet sales, as well as secondary data that links the effects and the potential legal ramifications of fraudulent online reviews in Uzbekistan and Indonesia. This study approach reviews Uzbek and Indonesian legal guidelines and policies using statutory techniques. Because the research's findings are presented in a descriptive-analytical way, this type of study is also known as descriptive-analytical research.

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1. INTRODUCTION

Reviews are becoming an important factor in consumer decisions on e-commerce platforms. To make the best choice, a lot of people research and ask other users' opinions before making a purchase or contacting a service. To find out about the advantages and disadvantages of a product, people will look for product reviews that have been added by prior customers. Businesses use this condition to commit fraud [1]. Reviews don't always accurately portray the situation. To make sure their products receive high ratings, many manufacturers hire fictitious reviewers. About 57% of consumers are wary of businesses or products that have only positive

reviews and no negative ones, according to a Mintel report. Furthermore, roughly 49% of respondents think that businesses might offer incentives to people who post online reviews [2]. The so-called phony reviews are these. Positive reviews are sometimes added to ecommerce websites by employees of the product company in an effort to boost sales or popularise the product. A concerning trend that has emerged from businesses using fictitious reviews is the use of fictitious online reviews. Businesses can fabricate reviews on digital platforms by fabricating favorable customer feedback to bolster the standing of their goods and services or by fabricating unfavorable feedback to harm the reputation of their rivals [3]. This implies that some businesses or users fabricate or manipulate reviews in order to deceive customers and outperform rivals. Almost thirty percent of online reviews in a given product category are fake. There are typically two types of fake reviews: machine-generated and humangenerated. Fake reviews that either glorify or disparage a specific product are created by people. Small businesses sometimes bargain for reviews [4].

In other situations, reviews are sold usually by Bangladeshi or Indian internet marketers. A few of these operate vast networks and function as virtual "review factories". In general, there are two trends: Product owners may compensate content producers for writing reviews in an effort to increase ratings or win over new clients. As an alternative, rival companies might pay spammers to disparage the goods of other companies and persuade customers to purchase their goods [5]. This research is urgent because the practice of fabricating fake reviews damages consumers and could potentially undermine the market system by preventing businesses and consumers from accessing fair, appropriate, and information.

The hub of the fake review industry is currently Facebook. According to ACCO's research, over 50 Facebook groups have fabricated reviews on Google, Yelp, and other websites. Amazon's decision to sue a Spanish company whose main business is to provide paid reviews of products sold on its platform has garnered media attention. The Federal Trade Commission announced a campaign against fake reviews after numerous platforms, including Yelp and Amazon, made valiant attempts to stop them. In fact, the rise of artificial intelligence made matters worse, as ChatGPT and other AI technologies made it possible to produce phoney, human-image reviews on a large scale [6].

Fake reviews cause consumers great harm because they provide insufficient information, which causes them to make poor decisions. When customers are unhappy with a product, fake product ratings cause a large decline in sales for online retailers because they are no longer purchasing fake reviews. Customers are faced with a new dilemma when it comes to fake reviews, which can be hard to differentiate from real ones because of their similar writing styles [7].

As a result, customers receive goods that fall short of their expectations, which further erodes the credibility of reviews and diminishes the usefulness of online reviews as a source of information for customers. It is crucial to create potential regulations that can deal with the practice of fake reviews in order to safeguard consumers False reviews cause consumers to make poor decisions, which is extremely harmful. because of inaccurate or lacking information [8]. When customers are unhappy with a product, fake product ratings cause a large decline in sales for online retailers who no longer purchase these reviews. Customers are faced with a new dilemma when it comes to fake reviews, which can be hard to differentiate from real ones because of their similar writing styles. As a result, customers receive goods that fall short of their expectations, which further erodes the credibility of reviews and diminishes the usefulness of online reviews as a source of information for customers.

E-commerce accounted for 90.2% of all digital revenue in Uzbekistan in 2022, with \$1.39 billion in revenue generated. The Electronic Commerce Act, which published on April 29, 2004, and revised in 2015 and 2022, governs e-commerce in Uzbekistan. The Cabinet of Ministers is in charge of coordinating the efforts of state agencies in the e-commerce sector and carrying out policies and programs across the nation. The Cabinet of Ministers has given the Ministry of Digital Technologies specific authority to manage e-commerce. Effective protection of e-commerce users in the Republic of Uzbekistan can be attained by means of technical infrastructure provision, legal regulation and support, development of economic support and financing mechanisms, and data analysis and management. Each of these areas can benefit from artificial intelligence support, which will enhance process evaluation and timeliness [9].

The laws that currently govern the use of e-commerce are Law Number 11 of 2008 concerning Electronic Information and Transactions, Law Number 19 of 2016 Electronic Information concerning Transactions, Law Number 7 of concerning Trade, and Law Number 4 of 2021 concerning Ratification of the ASEAN Agreement on Electronic Commerce. These laws are essentially almost identical to those of Indonesia. To protect e-commerce users from fake reviews, there are actually still some unclear provisions in a number of the Electronic Information and Transaction Law and Consumer Protection Law's articles.

According to the justification given above, the study's goals are as follows: 1) to determine the legal risks and effects of fake reviews in online trading in light of Indonesian and Uzbek laws. 2) To learn about Indonesia's legal reconstruction that shields online shoppers from fraudulent reviews

2. LITERATURE REVIEW.

Fake product reviews on the Internet have made it extremely difficult for customers to choose wisely. False reviews hurt the interests of the majority of e-commerce platform merchants and diminish reputation of the platforms. It is simple for the appearance of fraudulent reviews to influence customers to make poor choices [10]. As a result, it is crucial and urgent to investigate and identify fake comments. Fake online commodity reviews are when businesses or individuals, acting in bad faith, promote or disparage the goods or services in their review content and use false reviews to influence other customers' decisions to buy in order to improve their market standing and gain an edge over competitors offering comparable goods or services [11]. Containing untrue statements that have no connection to the product and whose veracity cannot be established. Unreal high or low comments posted by merchants to promote products and improve their own reputation and sales volume seriously affect consumers' purchasing decisions as well as the platform's opinion mining system, since commodity

reviews are crucial to merchants' word-of-mouth.

This type of exaggerated promotion or defamation of a good or service is also known as a fraudulent remark misrepresentation. For instance, businesses use gift cards or cash back to entice customers to write 5-star reviews. Even though customers might not be happy with the product, they decide to ignore it out of convenience or benefit, leading to a faulty assessment that does not accurately represent the product's true quality. One of the key strategies used by network businesses to quickly enhance their online reputation, suppress negative reviews, and boost sales is the implementation of sales promotion techniques like "cash rebate for good reviews," "coupon for good reviews," and "lucky draw for good reviews" [12]

Consumer purchasing behaviour encompasses all consumption-related personal behaviours that consumers engage in to acquire, utilise, and discard consumer goods or services. This includes development of demand motivation, occurrence of purchase behaviour, the feeling that follows a purchase, as well as psychological, physiological, and other substantive activities that are displayed during the purchase or consumption process. In reality, consumer behaviour surrounding the purchase of means of subsistence is more complex, and this article will examine it.

When purchasing different kinds of goods, consumers behave differently depending on the situation. The four stages of purchasing behavior-demand consumer alternative purchase cognition, search, purchase decision, and behavior—are separated out in this paper in order to examine the effects of fraudulent reviews on customers individually and, at the end, provide helpful advice on how to deal with false reviews [13]

3. METHOD

The issues with this research include erroneous product reviews, consumer losses, and artificial intelligence (AI)-generated fake reviews. The information required to address the problem's formulation comes from Uzbekistan and Indonesia, and it includes information on e-commerce regulations, different kinds of fake reviews, the amount of money consumers have lost as a result of fake reviews, and the application of the law [14].

Gustav Radbruch's Legal Objectives theory, which consists of legal certainty, legal justice, and legal expediency, is used as an indicator or tool to assess how well the regulations governing fakr review are being implemented in Indonesia and Uzbekistan. Law Number 8 of 1999 concerning Consumer Protection is the primary source of data for this legal research, which employs normative juridical methods and secondary data, such as official guidelines and research-supporting journals, after which the findings of the study will be examined using descriptive qualitative data. The results of this study are intended to provide insight into the legal risk and consequences of fraudulent reviews in Uzbekistan and Indonesia, as well as help shape future legal frameworks aimed at curbing fraudulent reviews.

4. RESULT AND DISCUSSION

Even though reviewers come in a variety of forms, the kinds of reviews can have different effects on a company's reputation from the perspective of customers. Consumers typically pay more, according to data from the Organisation for Economic Cooperation and Development (OECD) (2019). pay more attention to unfavourable than favourable reviews. Nonetheless, certain data indicates that customers are more likely to be interested in buying goods that have received both favourable and negative reviews. instead merely favourable evaluations. existence of unfavourable reviews mixed in with favourable ones enhances the overall authenticity of the review (OECD, 2019b). But the custom of departing Negative reviews frequently have detrimental effects on both companies and customers, and in certain cases, put customers who act as reviewers or raters at risk of legal consequences [15].

Because of the digital economy and the quick advancement of technology, anyone can now use reviews to express their opinions to other users. One of the main elements influencing consumer behavior and purchase decisions is the presence of online reviews, which are an essential component of the digital economy. Online reviews are becoming more common, which is good for businesses and consumers alike, but there are still issues with data privacy and protection, the complexity of content moderation, and the quality and dependability of the reviews.

According to Statista Uzbekistan has the following data: In 2021, the nation's e-commerce brought in \$1.39 billion, accounting for 90.2% of all digital revenue generated in the nation. 9.8% went towards digital media, e-services, and ehealth. Compared to the average of 7.34% in Uzbekistan's level of digital Asia, expenditures is low, accounting for only 3.91% of consumer spending in 2021. By 2025, e-commerce sales are projected to grow at an average annual rate of 18.7%. Electronics (31%) and fashion products (28.6%) were the most popular categories of online purchases, followed by furniture (17.2%), cosmetics, health, and personal care (7.1%), and toys, hobbies, and do-it-yourself items (6.5%) [16].

Infrastructure telecommunications is being funded by public funds. An estimated 31 million people used the internet as of January 2023, comprising 4.4 million fixed broadband users and 29.5 million mobile users. International data transmission channels now have throughput of 3,200 Gbit/s. Uzbekistan is ranked 112th out of 143 countries by Speedtest.net for mobile internet, with download speeds of 20.33 Mbps and upload speeds of 10.29 Mbps. With a download speed of 51.61 Mbps and an upload speed of 52.18 Mbps, it is ranked 87th out of 182 countries in fixed broadband internet. The government only levies a 2% tax on online revenue, as opposed to a 4% rate for traditional businesses, in order to encourage the growth of e-commerce [17].

The laws of Uzbekistan allow electronic checks and invoices to be accepted as legitimate proof of payment for goods and services, as well as the online sale of pharmaceuticals and medical equipment. In

order to build the infrastructure for digital payments, the Central Bank of Uzbekistan and Visa signed a memorandum of understanding in 2019. Several banks also provide payment software and other services to e-commerce websites in order to speed up the processing of online payments. In 2018, Tashkent University of Information Technologies established an e-commerce department in an effort to boost the number of IT specialists in the field. The government made several significant moves in 2020-2022 to encourage the expansion of e-commerce.

Ozbekiston Pochtasi, the state postal service provider, will launch the National Online Trading Platform in March 2021 at https://www.unisaydo.uz [18].

Entrepreneurs can use the system to list their products for auction; Ozbekiston Pochtasi will deliver purchased goods to the buyer's address, acting as a guarantor between the buyer and seller; the state company intends to increase the number of logistics centres from 4 to 30 by 2025; additionally, the number of items posted on the Platform will increase from 10,000 to 1,500,000 by 2025; and finally, the number of online stores for cooperation, both domestic and foreign, should increase from 10 to 125 by 2025 [19].

Uzbekistan's Legal and Regulatory Framework for E-Commerce: The April 29, 2004, law "On Electronic Commerce," which was amended in 2015 and 2022, governs ecommerce. The following details about the seller must be disclosed to customers via electronic transactions, per the law: the whole name of the legal entity, along with a description of its organizational and legal form, or the last name, name, and patronymic of an individual; the postal and email address, as well as details about the company's state registration; the availability of a license in situations specified by law; the process for entering into an online agreement; The terms of delivery and payment for goods (including works and services), as well as offered prices (including applicable tariffs) for them; the ability and process for adding to and changing the agreement in the context of ecommerce; the process for sending and

withdrawing an acceptance; indications of the conditions included in the agreement by reference to an electronic document posted in a publicly available information resource; and the requirement that all electronic documents and messages be kept on file.

In practice, the use of review utilisation by online platforms serves as a ranking input as a scoring basis used to rank items among its competitors. The ranking function is usually proprietary and tends to differ across platforms. However, the underlying theme is that items with better reviews rank higher and receive increased visibility within the platform.

This research uses observations on two different ecommerce platforms namely TripAdvisor.com and Booking.com. Six (6) hotels in Uzbekistan will be examined. Ichan Qal'a, Hyatt Regency Tashkent, Wyndham Tashkent, Hotel Bibikhanum, K. Komil Bukhara Boutique Hotel, and Lotte City Tashkent Palace are the hotels that were randomly chosen to be among the top/best hotels to stay in Uzbekistan (hotel names as appeared on the websites of online travel agents). As it turned out, Tashkent had four of the hotels chosen, Bukhara had one, and Samarkand had one. To comply with research ethics and confidentiality requirements, the hotel names will be coded as Hotel A, B, C, D, E, and F, allowing researchers to identify which hotel produced the relevant results [20].

From both ecommerce platforms, consumers determine their needs in relation to the various hotel facilities offered in Uzbekistan, such as internet access, breakfast, business centre, and swimming pool. The TripAdvisor.com and Booking.com platforms then filter the rankings by eliminating hotels that cannot meet the specified requirements and returning a list of eligible candidates. Then consumers browse through this list of ratings and consider a portion of the rated items by clicking on them to get more information and, ultimately, make a purchase decision.

The effect of fraudulent reviews generates grievances. A total of 120 incidents from the examination of six hotels in

Uzbekistan were categorised into nine groups using frequency and rank analyses to ascertain how frequently complaints fell into each category. The following categories were Taxi/Transfer Complaint included: Invoice/payment/receipt (6), Road to/from the hotel (6), Noisy music/party disturbance (4), Staff Attitude (29), Room for improvement (22), Breakfast/food (21), Poor Wi-Fi (12). It's significant to note that, among these hotel categories, Samarkand and Bukhara have fewer customer complaints. Three of the four hotels in Tashkent that were the subject of the research have more complaints overall across all categories examined. This could be because of rising customer expectations and the hotels' inability to adequately address complaints.

From the research results, the top three categories that most often appear as consumer complaints are city, staff attitude and room improvement. The impact of false positive reviews indirectly leads to material losses for consumers.

Uzbekistan has carried out reforms in the last few years with the intention of improving cybersecurity, e-commerce, digital economy, and consumer data protection. The president of the nation has suggested growing alliances under the "Economic Cooperation Organization-2025" initiative, stressing the significance of enhancing trade. relationships through the use of e-commerce and digital technologies. Therefore, it is imperative to implement a systemic approach to ecommerce management, enhance management, create successful strategies, and optimise solutions procedures utilising digital technology.

In Indonesia, Article 4 of Law No. 8/1999 on Consumer Protection (UUPK) stipulates that consumer have the right to obtain correct, clear, and honest information about goods or services. Fake testimonials violate this right because they provide inaccurate information and can mislead consumers. Article 8 of the GCPL prohibits companies from making or distributing goods or services that are not in accordance with the claims or information provided.

Article 62 provides for sanctions for these offences. This gives consumers a legal basis to claim damages for what they have experienced. In the digital world, Article 28 paragraph (1) of Law Number 11 Year 2008 on Electronic Information and Transactions (UU ITE), as amended by Law Number 19 Year 2016, regulates the dissemination of false information that may harm consumers in electronic transactions. According to Article 45A, paragraph (1), violation of this provision may result in criminal sanctions, which may include imprisonment or a fine. Thus, false testimonials not only violate consumer rights but also constitute a criminal offence [21].

Government Regulation No. 80/2019 on Trading Through Electronic Systems (PP PMSE) explains what business actors must do when they conduct e-commerce transactions.

According to Article 21, business actors must provide accurate, clear, and non-misleading information to customers. If someone violates this provision, they may face administrative sanctions stipulated in Article 77, which may include revocation of business licences, access restrictions, or temporary suspension of services. Minister of Trade Regulation No. 50/2020 on Provisions for Business Licensing, Supervision, and Control of Business Actors in Trading Through Electronic Systems emphasises information transparency [22].

Business actors in this case violate business ethics and fair-trade practices by using fake testimonials. If the agreement or information provided does not match the goods or services provided, the business actor is responsible for providing compensation according to Article 19 of GCPL. False testimonials may encourage customers to file claims for damages because it causes them to make the wrong purchasing decision [23].

Indonesian laws and regulations allow for several important aspects to protect consumers from fake testimonials in the context of e-commerce transactions. This protection is implemented by various parties, including the government, e-commerce platforms, and the consumer community. Consumer protection against fake testimonials is carried out based on Article 4

of GCPL, which guarantees the right of consumers to obtain correct, clear, and not misleading information [24].

According to this provision, companies must provide information relevant to the condition of the goods or services they sell. Illegal businesses, including those using testimonial platforms, may implement a testimonial verification system, such as ensuring that reviews or testimonials are from legitimate buyers, so that consumers cannot change reviews that could be harmful.

5. CONCLUSION

Current laws in Uzbekistan do not provide adequate conditions for the development of e-commerce. In particular, all subjects of e-commerce are not covered, misunderstandings that arise in the application, issues of document exchange, payment mechanisms and return of goods are other matters related to e-commerce.

The objectives outlined in the "Digital Uzbekistan – 2030" strategy served as the foundation for the development of the new edition of the "On e-commerce" law. The law lays out a precise process for signing electronic contracts. Specifically, there is a legal consolidation of the following: the legal force of electronic documents; the conditions for concluding electronic contracts; the requirements for an offer; the details of storing electronic documents; and the process for conducting an electronic transaction.

In the near future, the creation of a technological market infrastructure that satisfies international standards and transparent and open direct contractual relations between sellers and buyers will be facilitated by the law "On e-commerce.

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