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Regulating Social Commerce: A Legal Comparison Between Indonesia, China, India, and Vietnam

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Abstract

Social commerce has emerged as a global trend transforming the digital economy, including in Indonesia. Platforms such as TikTok Shop and Facebook Shop offer economic opportunities but also pose regulatory challenges related to predatory pricing, legal certainty, and consumer data protection. Existing Indonesian studies largely adopt a normative focus, particularly on Minister of Trade Regulation No. 31 of 2023. This study employs normative legal research using conceptual and comparative approaches, based on a literature review and regulatory analysis. The findings show that Asian countries apply diverse regulatory models. Indonesia adopts a restrictive, protection-oriented approach that tends to create legal uncertainty and limit innovation. China promotes a dynamic social commerce ecosystem with strict platform oversight, though monopolistic risks remain. India emphasizes transparency and fair competition amid persistent digital inequality, while Vietnam integrates social commerce into its broader e-commerce framework to support MSMEs, albeit with weak enforcement. The study concludes that Indonesia should avoid direct regulatory transplantation and instead pursue a selective, incremental adaptation strategy aligned with domestic institutional capacity and democratic accountability.

Keywords: Business Law, Comparative Law, Social Commerce, Social Media.

1. Introduction

The development of digital technology has driven a fundamental transformation in global business practices.¹ One prominent phenomenon is the emergence of social commerce, the integration of social media with online buying and selling activities. This transformation has reshaped business models and competitive advantages, with digital platforms emerging as new organizational forms that blur traditional boundaries. This business model leverages social interactions, user-generated content, and live-streaming features to connect producers and consumers in a more interactive digital ecosystem.

From a theoretical perspective, social commerce is seen as an evolution of e-commerce, prioritizing trust, social support, and social presence.² The primary goal of this model is to increase consumer trust³, lower customer acquisition costs, and expedite the transaction process. Its strengths lie in the power of social proof, community engagement, and the ability

¹ Peter Ekman and others, 'Digital Transformation of Global Business Processes : The Role of Dual Embeddedness', 26.2 (2020), pp. 570-92, doi:<https://doi.org/10.1108/BPMJ-02-2019-0080>.

² Nick Hajli, 'Social Commerce Constructs and Consumer ' s Intention to Buy', *International Journal of Information Management*, 35 (2015), pp. 183-91, doi:<http://dx.doi.org/10.1016/j.ijinfomgt.2014.12.005>.

³ Nick Hajli and others, 'Social Word of Mouth How Trust Develops in the Market', *International Journal of Market Research*, 56.5 (2014), doi:10.2501/IJMR-2014-000.

to create a more immersive and persuasive shopping experience.⁴ Practically, social commerce represents a paradigm shift from the search-to-buy model common in conventional e-commerce to a scroll-to-buy model based on social engagement.

Several global business entities have successfully transformed themselves through social commerce models. *Douyin* in China, for example, pioneered live shopping, making e-commerce a key source of revenue.⁵ Research from Faou and Liu also proves that the strategic role of *Pinduoduo*, with its group buying model, has optimized social networks as a means of encouraging collective consumption, while Instagram and Facebook Shops, owned by Meta, integrate discovery and checkout experiences within the social platforms themselves. In India, *Meesho* has successfully developed a reseller-based community selling platform, which facilitates individuals and small retailers to resell wholesalers' products through social media channels.

In Indonesia, the rise of social commerce through Facebook/Instagram and TikTok Shop has reshaped the digital business landscape. This development has raised business law concerns, particularly regarding unfair competition following TikTok's acquisition of Tokopedia and the KPPU's conditional approval aimed at preventing predatory pricing and ensuring transparency.⁶ Second, legal certainty faces challenges due to rapid regulatory changes, such as the closure of TikTok Shop in 2023 and the implementation of Minister of Trade Regulation 31/2023, which restricts direct transactions on social media.⁷ Third, privacy issues are increasingly prominent due to the intensive use of user behavioral data by social commerce, which is now subject to Law No. 27 of 2022 concerning Personal Data Protection.⁸

Data from the Ministry of Trade indicates that the value of e-commerce transactions in Indonesia reached IDR 476.3 trillion, with social commerce making a significant contribution.⁹ However, this rapid growth must be accompanied by legal certainty and regulations that protect the interests of consumers, local businesses, and national market stability. Studies on social commerce in Indonesia are generally limited to normative and regulatory aspects of the Ministerial Regulation No. 31 of 2023. Hartyanto et al. emphasized that the ban on direct transactions in social commerce actually disrupts the MSME ecosystem, necessitating more adaptive regulations.¹⁰ Meanwhile, Nurallamsyah emphasized that restrictions on direct transactions on social platforms are intended to protect MSMEs from unfair business practices,

⁴ Abdul Talib, Yurita Yakimin, and Mat Saat Rafeah, 'Social Proof in Social Media Shopping : An Experimental Design', *SHS Web of Conferences*, 02005 (2017), doi:DOI: 10.1051/shsconf/20173402005.

⁵ Shuaishuai Wang, 'After Visibility : Data as a Factor of Production in Douyin e-Commerce', *4 Big Data & Society*, 2025, pp. 1-13, doi:10.1177/20539517241309883.

⁶ Esmeralda Ivana Rismauli, 'Market Domination Through Social Media and E-Commerce Merger in Business Competition Law ' s Perspective', *Journal of Law, Politic and Humanities (JLPH)*, 4.4 (2024), pp. 752-65, doi:https://doi.org/10.38035/jlph.v4i4.

⁷ Ilham Abbas and Rizki Ramadani, 'Balancing State Revenue and Fair Competition in Social Commerce Platforms', *Yustisia Jurnal Hukum*, 14.2 (2025), pp. 170-85, doi:10.20961/yustisia.v14i2.93969.

⁸ Supriyanto and others, 'Consumer Protection Legal Frameworks in Indonesia: The Challenges of E-Commerce and Data Privacy', *Research Horizon*, 5.2 (2025), pp. 119-28.

⁹ Eny Haryati and others, 'Marketplace Governance in the Context of Empowering MSMEs inside the Realm of Online Shopping', *Journal of Community Service and Empowerment*, 4.3 (2023), pp. 602-17, doi:https://doi.org/10.22219/jcse.v4i3.29432.

¹⁰ Satrio Bagus Hartyanto, Sinta Dewi Rosadi, and Tasya Safiranita Ramli, 'Perlindungan Hukum Terhadap Penyelenggara Social-Commerce Atas Larangan Transaksi Pada Platform Social-Commerce Berdasarkan Hukum Positif Indonesia', *Jurnal Pendidikan Indonesia*, 5.3 (2025), 4193-4200 <https://doi.org/https://doi.org/10.59141/japendi.v6i3.7551>.

although in practice, they present new challenges.¹¹ Solikhin assessed that the revised PMSE regulations focus more on protecting MSMEs without a clear framework for accommodating digital innovation.¹² Abbas and Ramadani even identified issues with tax compliance and unhealthy rivalry in social commerce, thus recommending a more progressive fiscal policy.¹³

In general, there has been no comprehensive study comparing Indonesian policies with best practices from other Asian countries that have been relatively successful in regulating social commerce. Therefore, this study aims to fill this gap by conducting a comparative study of social commerce policies in Indonesia, China, India, and Vietnam to formulate a more adaptive and responsive policy framework for the digital business ecosystem in Indonesia.

2. Method

This study uses a normative legal research method, focusing on positive legal norms, principles, and legal doctrines to analyze issues related to social commerce regulations. This method was chosen because the main issues studied relate to the clarity of norms, legal certainty, and the suitability of regulations to the goal of protecting the public interest. This method allows the author to examine legal products, including Minister of Trade Regulation No. 31 of 2023, as well as various regulations related to e-commerce in Indonesia. Furthermore, this method is also used to examine legal doctrines and principles in academic literature to strengthen the analytical framework.

3. Discussion and Analysis

3.1 Social Commerce in the Digital Era: Concept, Advantage, and Legal Issues

In general, social commerce can be defined as the digital economy ecosystem that combines the functions of social media with online trading activities. Social commerce is a form of electronic commerce (e-commerce) that utilizes social interaction, user participation, and community networks to support the buying and selling of goods or services.¹⁴ This model leverages Web 2.0 technologies and social media infrastructure to create user-friendly platforms that facilitate real-time purchasing decisions.¹⁵ Most analysts argue that social commerce extends beyond digital transactions by integrating social features such as live streaming, reviews, recommendations, and gamification to enhance the shopping experience.

¹¹ Faishal Nurallamsyah and Mustapa Khamal Roka, 'Larangan Memfasilitasi Transaksi Pembayaran Sistem Elektronik Pada Peraturan Menteri Perdagangan Nomor 31 Tahun 2023 Perspektif Masalah Mursalah (Studi Kasus Pada Social Commerce)', *Jurnal Ilmu Hukum, Humaniora Dan Politik*, 5.1 (2024), pp. 722-35, doi:<https://doi.org/10.38035/jihhp>.

¹² Ahmad Sholikin, 'Tantangan Dan Peluang Pemberdayaan UMKM Di Indonesia: Antara Regulasi, Akses Permodalan, Dan Digitalisasi', *MADANI Jurnal Politik Dan Sosial Kemasyarakatan Jurnal Politik Dan Sosial Kemasyarakatan*, 16.3 (2024), pp. 429-51, doi:<https://doi.org/10.52166/madani.v16i03.9002>.

¹³ Abbas and Ramadani, 'Balancing State Revenue and Fair Competition in Social Commerce Platforms'.

¹⁴ Razaz Waheeb Attar and others, 'New Trends in E-Commerce Research : Linking Social Commerce and Sharing Commerce: A Systematic Literature Review', *Sustainability*, 14.16024 (2022), doi:<https://www.mdpi.com/2071-1050/14/23/16024>.

¹⁵ Abhay Grover, Pooja Sharma, and Mahender Singh Kaswan, 'Synergy of Social Commerce and Industry 4.0 : Fostering Customer Experiences in the Digital Era', 2024, doi:10.1108/IJIEOM-12-2024-0078.

Research suggests that social commerce will become a core Internet business model. According to Diao et al., the characteristics that distinguish social commerce from conventional commerce are that the business model encompasses four distinct types: e-commerce-oriented, interest-oriented, social network-oriented, and group buying-oriented social commerce, each requiring a different strategic approach. While e-commerce relies solely on catalogs and digital transaction mechanisms, social commerce emphasizes social trust through participatory shopping experiences. From a service ecosystem perspective, social commerce is an open, dynamic, and collaborative system.¹⁶ Unlike traditional e-commerce, which requires significant initial investments, social commerce operates through social media platforms at lower costs.¹⁷

The process of transforming a conventional business into a social commerce platform typically begins with digital marketing, utilizing social media platforms as a storefront, and progressing to integrating payment and logistics features. This transformation is exemplified by platforms like TikTok, which evolved from a social media application into a comprehensive social commerce platform through features like TikTok Shop, enabling businesses to conduct sales and transactions within the same application.¹⁸ The advantages of social commerce include more efficient marketing costs, global market reach, and the ability to build direct interactions with consumers. Examples of successful social commerce businesses include TikTok Shop in Southeast Asia; WeChat in China, which integrated digital payments with social interactions; and Meesho in India, which empowered small sellers to utilize WhatsApp as a distribution channel.

Despite its advantages, social commerce also has several weaknesses, including the risk of fraud,¹⁹ monopoly and unhealthy competition, misuse of personal data and false information, and a high dependence on platform algorithms. The impulsive nature of social commerce, designed for instant gratification, raises concerns about "contracts concluded on the go" or impulse buying. Challenges faced by various countries currently revolve around the need for adaptive regulations, privacy protection, and oversight of business competition to prevent social commerce from creating digital monopolies. In the case of Indonesia, Syafiuddin specifically discusses legal protection against predatory pricing practices on TikTok Shop, which negatively impact the sustainability of MSMEs in Indonesia, highlighting consumer exploitation and distortion of market competition.²⁰ Another study by Putri highlights evidence that the Shopee Live feature utilizes a flash sale strategy that risks

¹⁶ Yingliang Wu and Xu Chen, 'A New Cognitive Framework for Understanding Social Commerce : A Service Ecosystem Perspective', 2020, pp. 459–69, doi:10.4236/jssm.2020.133031.

¹⁷ Ali Gülbasi and Ercan Taşkin, 'The Two Faces of e - Commerce: A Comparison of e - Commerce Platforms and Social Commerce 1', 2024, pp. 71–82, doi:10.58627/dpuibf.1535413.

¹⁸ Zinda Rud and others, 'TikTok Shop : Unveiling the Evolution from Social Media to Social Commerce and Its Computational Impact on Digital Marketing', 4.2 (2023), pp. 88–96, doi:http://dx.doi.org/10.36596/jcse.v4i2.51289.

¹⁹ Rizaldy Anggriawan, 'Financial Crimes on Social Media: Leveraging Large Language Models and Generative AI to Detect Ponzi Schemes in Indonesia', in *2025 International Conference on Information Technology and Computing (ICITCOM)* (IEEE, 2025), pp. 60–65, doi:10.1109/ICITCOM66635.2025.11265598.

²⁰ Afif Syafiuddin, 'Perlindungan Hukum UMKM Terhadap Praktik Predatory Pricing Di Social Commerce : Studi Analisis Pada Platform TikTok Di Indonesia', *Parlementer : Jurnal Studi Hukum Dan Administrasi Publik*, 2.2 (2025), pp. 47–56, doi:DOI: https://doi.org/10.62383/parlementer.v2i2.667.

destroying healthy competition and harming MSMEs.²¹ In China, the Viya scandal, an influencer was fined over RMB 1.3 billion in 2021 for tax evasion in live-streaming commerce.

3.2 Comparison of Social Commerce Regulation in Asia: Indonesia, China, Vietnam, and India

To avoid normative ambiguity, this study develops an evaluative framework based on three analytical dimensions: (1) regulatory openness, (2) enforcement capacity, and (3) innovation-protection balance. Based on these dimensions, social commerce regulations are classified as restrictive, adaptive, or progressive, not as value judgments but as analytical categories. A regulation is defined as 'restrictive' when it relies primarily on prohibitions, ex ante bans, or structural separation of platforms without providing functional integration mechanisms or regulatory sandboxes. 'Adaptive' regulation refers to frameworks that allow platform-based innovation while imposing transparency, accountability, and proportional oversight obligations. 'Progressive' regulation goes further by combining adaptive rules with positive state intervention, such as incentives, capacity-building, and infrastructure support, while maintaining robust enforcement against abuse of dominance.

3.2.1 Social Commerce Regulation in Indonesia

Indonesia regulates social commerce primarily through the Minister of Trade Regulation (Permendag) No. 31 of 2023 on Business Licensing, Advertising, Development, and Supervision of Electronic Commerce (PMSE). This regulation directly governs social commerce practices, particularly through Article 21(3), which prohibits social media platforms from conducting direct sales transactions and limits their role to product promotion. The provision aims to prevent monopolistic practices and unfair competition, while protecting MSMEs from being displaced by dominant digital platforms such as TikTok Shop and Facebook Shop.

Minister of Trade Regulation No. 31 of 2023 is grounded in several statutory laws, including Law No. 7 of 2014 on Trade, Law No. 1 of 2024 on Electronic Information and Transactions, and Law No. 20 of 2008 on MSMEs. The broader e-commerce framework is further shaped by Government Regulation No. 80 of 2019 on Commerce Through Electronic Systems (PP PMSE), which governs business registration, consumer protection, and inter-agency oversight. Accordingly, Permendag No. 31/2023 serves as a derivative regulation that reinforces the Ministry of Trade's authority to supervise social commerce practices. Institutionally, the Ministry of Trade serves as the primary regulator of social commerce, but its authority overlaps with that of the Ministry of Communication and Informatics on electronic systems, the Ministry of Cooperatives and SMEs on MSME empowerment, and the Business Competition Supervisory Commission (KPPU) on competition oversight. This fragmented governance structure complicates inter-agency coordination and contributes to suboptimal policy implementation in practice.

Indonesia's social commerce sector has faced significant regulatory challenges following the implementation of Minister of Trade Regulation No. 31 of 2023. The prohibition on direct transactions led to the temporary closure of TikTok Shop in October 2023, after which operations resumed following its acquisition of Tokopedia. The regulation also introduces

²¹ Ajeng Tri and others, 'Predatory Pricing Sebagai Praktik Persaingan Usaha Tidak Sehat Dalam Penjualan Shopee Live', *Jurnal Bisnis Manajemen (Jurbisman)*, 2.1 (2024), pp. 237-54, doi:10.61930/jurbisman.v2i1.557.

restrictions on low-priced imported goods, advertising and promotional activities, licensing requirements, and stricter supervisory measures.

In terms of impact, the regulation produces both adaptive and non-adaptive effects. On the one hand, it protects traditional MSMEs from predatory pricing by large platforms and creates a more level playing field for pure e-commerce platforms such as Tokopedia and Shopee. On the other hand, the ban on direct transactions restricts MSMEs' digital market access, particularly for sellers reliant on social interaction and live-streaming sales. The temporary closure of TikTok Shop in 2023 reduced incomes for many small merchants and forced agencies and online sellers to shift their business models to alternative platforms such as Shopee and Instagram.²²

Thus, social commerce regulations in Indonesia currently face a dilemma between protecting the interests of MSMEs and maintaining openness to digital innovation. Sentiment analysis of public reaction to the regulation revealed a predominantly negative perception, with 79.8% unfavorable sentiment.²³ While the regulation aims to support micro, small, and medium enterprises (MSMEs) and create a fair e-commerce ecosystem, critics argue it lacks substance and creates legal uncertainty for business actors.²⁴ To make social commerce regulation more adaptive, policy reform should move beyond prohibitive measures toward integration, transparency, and comprehensive oversight within the national digital trade ecosystem. Key challenges include: (1) reactive regulation focused on the TikTok Shop phenomenon rather than the broader social commerce ecosystem; (2) weak oversight and sanctions that undermine effective enforcement; (3) limited consumer data and privacy protection; and (4) tension between MSME protection objectives and the need to support innovation and market expansion by digital business actors.

3.2.2 Social Commerce Regulation in China

China's e-commerce market has experienced remarkable growth. In 2020, China's total online retail sales reached 11.76 trillion yuan (approx. US\$1.82 trillion), an increase of about 10.9% year-on-year. By 2021, China's total e-commerce transaction volume rose by 19.6% year-on-year, reaching 42.3 trillion yuan (≈ US\$6.15 trillion), of which 31.3 trillion yuan was goods, and 11 trillion yuan was services. This rapid expansion has necessitated comprehensive regulatory frameworks addressing trade facilitation, cybersecurity, and intellectual property protection, creating both opportunities and challenges for foreign companies.

The transformation of China's business model toward social commerce occurred through the integration of traditional marketplaces (Alibaba, JD.com) with interactive live streaming features on Douyin, Kuaishou, and Taobao Live. This shoppertainment model has successfully captivated consumers, with a McKinsey report in 2022 noting that approximately 50% of online shoppers in China have made transactions via live streaming e-commerce. The unique Chinese concept of *guanxi*, encompassing emotional connections (*ganqing*), reciprocal

²² Siti Nur Afina and others, 'Strategi Agensi "Bencuan" Mengatasi Permasalahan Tutupnya Tiktok Shop Dan Beralih Ke Shopee Universitas Muhammadiyah Jakarta', Jakarta, 2.1 (2024), pp. 247–53, doi:https://doi.org/10.47861/tuturan.v2i1.795.

²³ Sugiarti and others, 'Sentiment Analysis of Indonesian Government Policy in the Era of Social Commerce: Public Perception and Reaction', *Bulletin of Social Informatics Theory and Application* Vol., 8.2 (2024), pp. 236–46, doi:https://doi.org/10.31763/businta.v8i2.710.

²⁴ Dian Novyta Oktavia and Chuzaimah Batubara, 'The Urgency of the Regulation Prohibiting Social Commerce in Indonesia from the Perspective of Maslahah Mursalah', *USM Law Review*, 7.5 (2024), pp. 2–9.

obligations (*renqing*), and trust (*xinren*), significantly impacts electronic word-of-mouth and online purchase intentions in social commerce platforms like WeChat. This phenomenon makes social commerce not just an alternative but an integral part of Chinese digital consumption behavior.²⁵

China's e-commerce regulatory environment is characterized by a mix of facilitative and restrictive policies that significantly influence companies' strategic decisions. Regulations address issues such as counterfeit goods, data privacy, and consumer protection, ensuring a fair and safe market for consumers and businesses. In 2021, the Chinese government, through the State Administration for Market Regulation (SAMR), issued Guiding Opinions on Strengthening the Regulation of Online Live-Streaming Marketing Activities, addressing market chaos such as fraud and counterfeit goods.²⁶ These regulations stipulate mandatory registration of live streaming hosts, prohibition of illegal product promotion, mandatory price transparency, and platform obligations to monitor content.

The regulatory framework also encompasses content censorship, licensing requirements, user protection, and advertising regulations, with platforms and creators encouraged to comply for sustainable industry development.²⁷ Furthermore, the E-commerce Law of the People's Republic of China serves as the primary legal framework governing digital commerce, including consumer protection obligations, data security, and fair competition practices.²⁸ The Chinese government not only regulates but also provides incentives to strengthen social commerce, including the provision of 5G digital infrastructure, access to financing for digital MSMEs, local government-sponsored live streaming training, and tax breaks for micro-enterprises operating on e-commerce platforms.

China demonstrates successful integration through platforms like Taobao Villages, where social commerce has empowered rural entrepreneurs, facilitated poverty alleviation, and promoted rural economic development by integrating digital technology with traditional rural economies.²⁹ However, these regulations also come with strict sanctions. For example, violating host regulations can result in fines of up to 2 million RMB, having their broadcast licenses revoked, or having their accounts blocked. In 2021, the SAMR fined Alibaba USD 2.8 billion for monopolistic practices with its "choose one of two" policy, which forces merchants to sell only on its platform. Another case involved fines against Kuaishou and Douyin for failing to monitor the sale of counterfeit products via live streaming.

When assessed using the evaluative framework of this study, China's social commerce regulation can be classified as progressive, though in a conditional sense. In terms of regulatory openness, China does not prohibit the integration of social media and commerce,

²⁵ Lai-ying Leong, Nick Hajli, and Garry Wei-han Tan, 'Revisiting the Social Commerce Paradigm : The Social Commerce (SC) Framework and a Research Agenda', *Internet Research*, 34.4 (2024), pp. 1346–1393., doi:10.1108/INTR-08-2022-0657.

²⁶ Tinggui Chen and others, 'Analysis of the Public Opinion Evolution on the Normative Policies for the Live Streaming E-Commerce Industry Based on Online Comment Mining under COVID-19 Epidemic in China', *Mathematics*, 10.3387 (2022), pp. 1–27, doi:https://doi.org/10.3390/math10183387.

²⁷ Zichen Shen and others, 'Development and Regulatory Trends of China ' s Online Live Streaming Industry', 2.10 (2023), pp. 55–60, doi:10.56397/LE.2023.10.07.

²⁸ Fenglin Liu, 'The Legal Implications of Information Disclosure Obligations for E-Commerce Platforms : An Analysis Based on the Electronic Commerce Law of the People ' s Republic of China', 3.5 (2024), pp. 62–67, doi:10.56397/LE.2024.05.07.

²⁹ Rong Pei, Xi Chen, and Xinyi Li, 'The Role of Social Commerce in Empowering Rural Entrepreneurs in China : A Case Study of Taobao Villages', 3.3 (2024), doi:10.56397/JRSSH.2024.03.05.

but instead allows extensive platform-based innovation such as live-streaming sales, influencer marketing, and integrated payment systems. These activities operate within a structured regulatory environment, indicating a higher level of openness compared to restrictive regulatory models. With respect to enforcement capacity, China demonstrates a strong institutional ability to implement social commerce regulation through mandatory host registration, platform liability for content monitoring, and the imposition of significant administrative sanctions. However, enforcement is not uniform across regions and sectors. Variations in local administrative capacity and enforcement priorities result in uneven compliance, suggesting that strict formal rules are mediated by sub-national discretion and political considerations.

In balancing innovation and protection, China combines innovation-enabling policies with active state intervention, including infrastructure development, MSME financing, and training, alongside strict enforcement against fraud,³⁰ counterfeit goods, and monopolistic practices. However, regulatory crackdowns and high state control create uncertainty, making China's progressiveness contingent on political priorities rather than market dynamics. Moreover, despite uniform national standards issued by the State Administration for Market Regulation (SAMR), enforcement varies significantly across regions, with stronger action in major cities than in less-developed areas, resulting in uneven compliance across social commerce platforms.³¹ Moreover, regulatory intervention in China reflects internal tensions between promoting digital innovation and maintaining political and market control.³² This dual-track governance model highlights that China's "progressive" regulation is contingent upon political priorities rather than purely market-oriented logic.

3.2.3 Social Commerce Regulation in India

India is one of the Asian countries with a fairly clear regulatory framework for governing the e-commerce and social commerce ecosystems. The primary regulation is the Consumer Protection (E-Commerce) Rules 2020, which falls under the Consumer Protection Act 2019. These rules require e-commerce platforms, including social commerce platforms, to ensure promotional transparency, disclose sponsorships or paid advertising, protect consumer data, and provide an effective complaint mechanism. The Indian government has implemented a tax compliance policy through the Goods and Services Tax (GST) Framework, which requires social commerce platforms to report and pay taxes on digital transactions.³³ Other closely related regulations include the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules 2021, which regulate the obligations of digital platforms in handling illegal content, and the Data Protection Bill (draft 2022), which emphasizes the protection of consumers' personal data.³⁴ Concrete examples of the

³⁰ Rizaldy Anggriawan, 'Countering Transnational Digital Ponzi Schemes in Indonesia: Legal Frameworks, Institutional Challenges, and Reform Pathways', *Law and Justice*, 10.2 (2025), pp. 101–29, doi:10.23917/laj.v10i2.13243.

³¹ Shen and others, 'Development and Regulatory Trends of China's Online Live Streaming Industry'.

³² Chen and others, 'Analysis of the Public Opinion Evolution on the Normative Policies for the Live Streaming E-Commerce Industry Based on Online Comment Mining under COVID-19 Epidemic in China'.

³³ Arun Kumar Deshmukh, 'Goods and Services Tax (GST) Implementation in India: A SAP – LAP – Twitter Analytic Perspective', *Global Journal of Flexible Systems Management*, 2022, doi:10.1007/s40171-021-00297-3.

³⁴ Siwal Ashwini, 'Social Media Platform Regulation in India – A Special Reference to The Information Technology (Intermediary Guidelines and Digital Media Ethics Code)', *Perspectives on Platform Regulation*, 2.3 (2021), pp. 215–32, doi:https://doi.org/10.5771/9783748929789-215.

implementation of social commerce regulations can be seen in the monitoring of influencer marketing activities on Instagram and Facebook Marketplace, as well as live commerce-based transactions on the Meesho and Myntra platforms, which are required to clearly display the label "paid promotion" or "sponsored".³⁵

To support the growth of social commerce, the Indian government also provides incentives in the form of digital infrastructure support, such as the Digital India program, which expands access to affordable and fast internet, and low-interest loans for digital MSMEs through the Stand Up India Scheme.³⁶ This measure aims to enable MSMEs to compete in the digital ecosystem without being marginalized by larger companies. Government support extends beyond Digital India to include initiatives like the Open Network for Digital Commerce (ONDC), which creates an open-source e-commerce ecosystem infrastructure to promote SME/MSME sectors.³⁷ The combination of digital infrastructure development and digital literacy programs under Digital India has enabled easier global connectivity and expanded the consumer base for e-commerce platforms.³⁸ These initiatives collectively contribute to India's projected e-commerce market growth to US\$350 billion by 2030.³⁹

In terms of prohibitions and sanctions, the Consumer Protection (E-Commerce) Rules 2020 prohibit non-transparent flash sales, price discrimination, and self-preferencing (platforms prioritizing their own products over third-party sellers), including transparency, grievance redressal, and platform accountability.⁴⁰ Violations of these rules can result in administrative sanctions in the form of fines, platform access restrictions, and even revocation of digital business licenses. For example, in 2021, the Indian government took action against Amazon and Flipkart for allegedly violating competition regulations by offering excessive discounts and exclusivity to certain sellers. The rules have increased transparency requirements for e-commerce businesses, though their effectiveness requires continued regulatory oversight.⁴¹

When assessed through the evaluative framework employed in this study, India's social commerce regulation can be classified as adaptive. In terms of regulatory openness, India does not prohibit the integration of social media and commerce, but instead permits platform-based innovation while imposing transparency and disclosure obligations. The

³⁵ Avinash Raut and others, 'PriceTrackr: A Real-Time E-Commerce Price Comparison Platform', *Advances in Intelligent Systems Research*, 200.Icsiaiml 2025 (2025), doi:10.2991/978-94-6463-948-3.

³⁶ Nougara hiya, Shrey, Gaurav Shetty, and Dheeraj Mandloi. "A review of e-commerce in India: The past, present, and the future." *Research Review International Journal of Multidisciplinary* 6, no. 03 (2021): 12-22.

³⁷ Mahesh, K. M., P. S. Aithal, and K. R. S. Sharma. "Open Network for Digital Commerce-ONDC (E-Commerce) Infrastructure: To promote SME/MSME sector for inclusive and sustainable digital economic growth." *International Journal of Management, Technology, and Social Sciences (IJMTS)* 7, no. 02 (2022): 320-340.

³⁸ Majumdar, Shouvik Kishore, Angana Parashar Sarma, and Srishti Majumdar. "E-commerce and digital connectivity: unleashing the potential for greater India-ASEAN integration." *Journal of Asian Economic Integration* 2, no. 1 (2020): 62-81.

³⁹ Kavita Balani, "To Analyze E-Commerce Growth of India with Respect of Rising Internet," *Effulgence: A Management Journal* 22, no. 1 (January-June 2024): 48-56

⁴⁰ Mehta, Kiran R. "The Effectiveness of 2020 E-Commerce Rules in Protecting Consumer Rights." *Law and Economy* 3, no. 10 (2024): 14-20.

⁴¹ Sarmistha Agasti, 'A Brief Analysis On The Indian Consumer Protection Act, 2020 Vs. E-Commerce', *International Journal of Advanced Research (IJAR)*, 11.05 (2023), 648-53 <<https://doi.org/10.21474/IJAR01/16917>>.

Consumer Protection (E-Commerce) Rules 2020 allow social commerce activities to operate freely, provided that platforms disclose paid promotions, sponsorships, pricing information, and data usage practices. This approach reflects a relatively open regulatory environment that seeks to govern conduct rather than restrict business models. With regard to enforcement capacity, India relies primarily on ex post, complaint-driven mechanisms administered through consumer courts, competition authorities, and sectoral regulators. While the formal regulatory framework is comprehensive, its effectiveness is constrained by litigation backlogs, fragmented institutional jurisdiction, and uneven regulatory oversight across platforms and regions. Monitoring of influencer marketing and enforcement of disclosure obligations remain inconsistent, particularly in multi-platform and cross-border social commerce activities. These structural limitations weaken the practical enforceability of otherwise robust transparency rules.

In terms of the innovation-protection balance, India's regulatory model prioritizes procedural accountability and market fairness over direct state intervention. Consumer protection, fair competition, and data privacy are emphasized, while innovation is supported indirectly through digital infrastructure development and MSME empowerment initiatives such as Digital India and the Open Network for Digital Commerce (ONDC). However, the reliance on transparency and post hoc enforcement places a disproportionate burden on consumers and MSMEs to assert their rights. As a result, India's adaptive model functions most effectively in contexts with strong legal literacy and access to justice, conditions that remain uneven within India's digital economy.

While India's regulatory framework emphasizes transparency and accountability, its effectiveness is constrained by structural enforcement challenges. Regulatory compliance is often undermined by litigation backlogs, fragmented jurisdiction between consumer courts and competition authorities, and debates on regulatory capture involving large platforms. Studies indicate that although disclosure obligations for sponsored content exist, monitoring and sanctioning violations remain inconsistent, particularly in influencer-driven commerce operating across multiple platforms.⁴² Furthermore, India's reliance on ex post enforcement places a heavier burden on consumers and MSMEs to initiate complaints, which can be costly and time-consuming. As a result, India's model, while normatively sound, functions optimally only in jurisdictions with strong legal literacy and access to justice conditions that remain uneven across India's digital economy.

3.2.4 Social Commerce Regulation in Vietnam

Vietnam regulates social commerce within the framework of Decree No. 85/2021/ND-CP, an amendment to Decree No. 52/2013/ND-CP on E-Commerce. This regulation stipulates that social media platforms engaged in commercial activities must register as e-commerce entities. This regulation is reinforced by the Law on Cybersecurity 2018, which emphasizes consumer data protection, and the Law on Consumer Protection (2010, amended 2023), which regulates consumer rights in digital transactions. Thus, social commerce is positioned as an integral part of the national e-commerce ecosystem, not a separate entity.

Vietnam's e-commerce regulatory framework has evolved significantly since Decree No. 52/2013/ND-CP established comprehensive data privacy protections that approximate

⁴² Kiran R Mehta, 'The Effectiveness of 2020 E-Commerce Rules in Protecting Consumer Rights', 3.10 (2024), pp. 14–20, doi:10.56397/LE.2024.10.03.

OECD Guidelines and APEC Privacy Framework principles.⁴³ However, implementation challenges persist, including difficulties protecting personal information, ambiguous regulations on goods and services information, and unclear violation handling procedures. Comparative analysis reveals that while Vietnam's e-commerce regulations are implementable for large businesses with formal websites, they create significant burdens for smaller enterprises, lacking inclusiveness and stakeholder connectivity.⁴⁴ The regulatory landscape has expanded beyond traditional e-commerce to encompass social media and influencer activities, with Vietnam requiring social media accounts exceeding 10,000 followers to provide contact information to authorities and mandating content removal flagged by officials.⁴⁵ This reflects Vietnam's broader strategy of leveraging digital opportunities while maintaining regulatory control through local compliance measures.

Concrete examples of this regulation can be seen in the business practices of Zalo Shop (a local Vietnamese social platform) and the integration of commerce features on Facebook Marketplace and TikTok Shop Vietnam.⁴⁶ All platforms are required to clearly display seller information, provide dispute resolution mechanisms, and report transaction data for tax purposes. To prevent economic inequality and unfair competition, the Vietnamese government has imposed restrictions on exclusive dealing practices and prohibited algorithmic discrimination that can disadvantage small sellers. To protect consumer privacy, platforms are required to store data on local servers and provide consumers with the option to delete their transaction data.⁴⁷ Violations of these regulations can result in administrative sanctions, including fines of up to VND 100 million, suspension of services, or revocation of the platform's operating license.

Using this study's evaluative framework, Vietnam's social commerce regulation can be characterized as progressive but administratively rigid. The mandatory registration of platforms within the national e-commerce framework reduces legal ambiguity and regulatory gaps, yet uniform and stringent compliance requirements limit flexibility for smaller platforms and informal sellers. Enforcement relies on centralized administrative controls, including seller identification, data reporting, and content takedown obligations. While Vietnam balances consumer protection, tax compliance, and MSME support with state-led training and financing initiatives, high compliance costs and legal rigidity risk constraining innovation and startup participation, suggesting the need for greater regulatory flexibility to ensure long-term sustainability.

Based on this analysis, Vietnam's social commerce policy has several advantages. However, there are also weaknesses, such as the relatively high regulatory burden on startups,

⁴³ Graham Greenleaf, Information Systems, and New South, 'Vietnam ' s 2013 e-Commerce Decree Consolidates Data Privacy Protections', *Privacy Laws & Business International Report*, 125, 2013, pp. 22–24.

⁴⁴ Ngoc Nguyen and Thi Bich, 'Inclusive and Implementable Legal Rules for E-Commerce: A Comparative Study of Indonesia and Vietnam', *Indonesia Law Review*, 10.3 (2020), doi:10.15742/ilrev.v10n3.631.

⁴⁵ Viet Tho Le and Jonathon Hutchinson, 'Regulating Social Media and Influencers within Vietnam', *Policy & Internet*, 14.3 (2022), pp. 558–73, doi:https://doi.org/10.1002/poi.3.325.

⁴⁶ Nguyen Thanh Hai, Master Nguyen, and Thuy Duong, 'Trust and Buying Intent on Social Media Platforms in Vietnam', *Middle East Journal of Applied Science & Technology (MEJAST)*, 7.2 (2024), pp. 93–107, doi:https://doi.org/10.46431/MEJAST.2024.7209.

⁴⁷ Hoai Lan Duong and others, 'Social Media and Privacy Concerns: Exploring University Student's Privacy Concerns in TikTok Platform in Vietnam', *Journal of Information, Communication and Ethics in Society*, 22.4 (2024), pp. 392–418, doi:https://doi.org/10.1108/JICES-04-2024-0045.

limited oversight capacity of local authorities to enforce regulations, and potential legal rigidity that could slow the adoption of innovations in the digital sector. The challenges are compounded by outdated legal frameworks, limited technological infrastructure, and weak inter-agency coordination that hinder effective tax administration and taxpayer identification. Additionally, Vietnam's rapidly growing e-commerce market, projected to reach \$33 billion by 2025, faces an increasing number of disputes requiring improved online dispute resolution mechanisms to ensure sustainable development.⁴⁸

3.2.5 Comparative Policy: Recommendations and Constraints

A comparative analysis shows that social commerce regulation varies across countries according to their social, political, and economic contexts. Indonesia's restrictive and protectionist approach under Minister of Trade Regulation No. 31/2023 aims to protect MSMEs but suffers from reactive design, limited legal certainty, and risks constraining innovation and digital market access. In contrast, China adopts a preventative and progressive regulatory framework through its E-Commerce Law (2019) and live-streaming guidelines (2021), emphasizing platform and host accountability, price transparency, and consumer protection. While effective in enhancing market confidence and reducing digital fraud,⁴⁹ this model is embedded in an authoritarian governance structure with centralized power, limited judicial contestation, and extensive surveillance, making it unsuitable for direct adoption in Indonesia's democratic and decentralized constitutional system.

Table 1. Summary of Comparison of Social Commerce Policies

(Indonesia, China, India, and Vietnam)

Country	Regulatory Instruments	Focus of Regulatory Substance	Implications for Ecosystems	Weaknesses & Deficiencies
Indonesia	Minister of Trade Regulation No. 31/2023 concerning PMSE; Law No. 7/2014 concerning Trade; Law No. 11/2008 concerning ITE (jo. Law No. 19/2016)	- Legal certainty still lacks technical mechanisms - Prohibition of direct transactions on social media - Protection of MSMEs	- Protecting MSMEs from global platform domination - Limiting digital market access - Creating uncertainty for investors	- Reactive and restrictive regulations - Minimal certainty of law enforcement - Potential to hinder digital innovation
China	E-Commerce Law (2019); Guiding Opinions on Live-Streaming E-Commerce (SAMR, 2021)	- Live-streaming host registration - Price & content transparency - Consumer protection - Monopoly prevention	- Increase consumer trust - Reduce digital fraud - Grow the social commerce ecosystem	- High state control - Large regulatory burden for MSMEs - Market concentration on giant platforms
India	Consumer Protection (E-	- Promotion & sponsorship	- High legal certainty - Competitive & fair	- Law enforcement is often slow - High

⁴⁸ Tran Van Nam, Nguyen Thi Nhu Quynh, and Pham Duc Chung., 'Megatrends For E-Commerce Online Dispute Resolution In Vietnam', .." *International Journal of Ecosystems & Ecology Sciences*, 12.3 (2022), pp. 175–184, doi:<https://doi.org/10.31407/ijeess12.3>.

⁴⁹ Rizaldy Anggriawan, 'Combating Ponzi Schemes: An in-Depth Look at Law Enforcement Effectiveness in Indonesian Context', *Pázmány Law Review*, 11.1 (2024), pp. 117–46, doi:10.55019/plr.2024.1.117-146.

Country	Regulatory Instruments	Focus of Regulatory Substance	Implications for Ecosystems	Weaknesses & Deficiencies
	Commerce) Rules 2020; Consumer Protection Act 2019; IT Rules 2021; Draft Data Protection Bill 2022; GST Framework	transparency - Consumer data protection - Tax compliance - Fair business competition	- market - Stronger consumer position	administrative burden - Challenges of the rural digital divide
Vietnam	Decree No. 85/2021/ND-CP (amendment of Decree No. 52/2013/ND-CP); Law on Cybersecurity (2018); Law on Consumer Protection (2010, amended 2023)	- Registration of social platforms as e-commerce entities - Consumer protection - Data security - Tax compliance	- More integrated digital ecosystem - Inclusive for MSMEs through training & financing - Increased transaction transparency	- Limited supervisory capacity - High regulatory burden for start-ups - Legal rigidity risks hindering innovation

Source: Author's Processed Results

India adopts a transparency- and accountability-based approach under the Consumer Protection (E-Commerce) Rules 2020, emphasizing promotional transparency, data protection, and tax compliance. While this model offers legal certainty and supports fair competition within a pluralistic political system, its effectiveness is limited by slow enforcement, digital inequality, litigation backlogs, and uneven legal literacy. As a result, the Indian approach provides limited transferability for Indonesia, as reliance on ex post enforcement would disproportionately burden consumers and MSMEs without parallel strengthening of judicial capacity and regulatory coordination. Vietnam adopts an integrative approach by incorporating social commerce into its national e-commerce framework under Decree No. 85/2021/ND-CP, requiring platform registration and compliance with consumer protection, data security, and tax rules. While effective in integrating the digital ecosystem and supporting rural MSMEs, this centralized, compliance-driven model faces limitations in oversight capacity and legal rigidity that may constrain innovation.⁵⁰ Economically, Vietnam treats digital commerce as a vehicle for MSME inclusion and export competitiveness through state-sponsored training and financial incentives, but this approach imposes relatively high compliance costs on startups and smaller platforms.⁵¹ Indonesia's adoption of Vietnam's model is constrained by differing administrative cultures and accountability norms, as mandatory registration and strict compliance requirements risk increasing regulatory uncertainty and entry barriers for domestic digital entrepreneurs.

The comparative analysis demonstrates that regulatory choices are shaped not merely by legal technique but by structural factors such as state capacity, developmental ideology, and bargaining power among states, platforms, and MSMEs. Indonesia's restrictive approach reflects fragmented regulatory authority, a strong MSME protection discourse, and limited ex ante control over platform power, while China's assertive regulation is enabled by centralized

⁵⁰ Le and Hutchinson, 'Regulating Social Media and Influencers within Vietnam'.

⁵¹ Nguyen and Bich, 'Inclusive and Implementable Legal Rules for E-Commerce : A Comparative Study of Indonesia and Vietnam'.

enforcement and high administrative capacity, and India's transparency-based model aligns with its common law tradition and reliance on ex post adjudication. These differences indicate that regulatory "best practices" are not directly transferable without institutional compatibility. Accordingly, Indonesia should avoid replicating foreign models and instead pursue a selective, incremental adaptation strategy that draws contextual lessons from China, India, and Vietnam while remaining aligned with domestic governance capacity and democratic accountability. The following recommendations are therefore calibrated to Indonesia's regulatory context:

1. Contextual Transparency and Accountability Obligations

Indonesia may adopt an India-inspired transparency framework by requiring clear disclosure of paid advertising, influencer sponsorships, pricing mechanisms, and consumer data use in social commerce. However, enforcement should rely on administrative supervision rather than complaint-driven litigation, given Indonesia's limited judicial capacity. Transparency obligations should therefore be implemented through sectoral regulators, supported by standardized platform reporting, to retain the normative strengths of India's model while avoiding its enforcement weaknesses related to litigation backlogs and unequal access to justice.

2. Proportionate Integration into the National E-Commerce Ecosystem

Following Vietnam's regulatory approach, Indonesia could integrate social commerce into its national e-commerce framework by requiring social media platforms to register as e-commerce service providers, thereby reducing regulatory overlap and improving legal certainty under existing consumer protection, tax, and competition rules. To avoid rigid compliance that may raise entry barriers for MSMEs and smaller platforms, registration requirements should be risk-based and proportionate, distinguishing between large platforms, small sellers, and individual resellers.

3. Targeted Content and Host Accountability Standards

Indonesia may selectively adopt China-style host and content accountability standards to mitigate risks in live-streaming commerce, including fraud, counterfeit goods, and misleading promotions, by requiring seller traceability, host verification, and clear allocation of platform liability. However, rather than replicating China's centralized surveillance and coercive enforcement mechanisms, accountability should be implemented through platform self-regulation under state oversight, combining co-regulatory codes of conduct with measurable compliance indicators consistent with Indonesia's constitutional framework.

4. Incentive-Based MSME Empowerment Rather than Prohibitive Regulation

Lessons from China and Vietnam indicate that sustainable MSME participation in digital markets depends on access to financing, digital skills training, and infrastructure support. In Indonesia, such incentives should be coordinated across ministries and tied to measurable outcomes, including MSME digital onboarding, compliance improvement, and fair competition, thereby reducing reliance on restrictive bans while strengthening MSME competitiveness.

5. Strengthening Privacy Protection and Competition Enforcement within Institutional Limits

Indonesia should strengthen personal data protection by applying the Personal Data Protection Law in line with international principles, while focusing enforcement on high-risk data practices in social commerce. At the same time, competition oversight should be improved through stronger coordination between sectoral regulators and the KPPU,

prioritizing ex post control of predatory pricing, self-preferencing, and abusive platform conduct rather than ex ante bans, in order to protect consumers, ensure fair competition, and support innovation.

4. Conclusion

Overall, the comparative analysis shows that China, India, and Vietnam represent distinct regulatory models shaped by their institutional capacity and political-economic contexts. Indonesia's restrictive and protectionist approach under Trade Ministerial Regulation No. 31/2023 has generated legal uncertainty and limited innovation. China reflects a progressive, state-led model supported by strong enforcement capacity but constrained by centralized control. India adopts a transparency-oriented model that supports innovation through disclosure obligations, yet is weakened by limited enforcement and reliance on ex post adjudication. Vietnam integrates social commerce into its e-commerce framework with strong administrative oversight and MSME support, although rigid compliance and uneven enforcement may constrain innovation.

This study argues that Indonesia should move from restrictive protectionism toward adaptive governance, as effective regulation depends on institutional fit rather than regulatory strictness. By selectively adapting foreign practices to domestic legal, political, and economic conditions, Indonesia can better protect MSMEs and consumers while supporting sustainable digital innovation. This study is limited by its normative approach and reliance on secondary data, as well as its focus on four Asian countries. Future research should include empirical methods and broader comparative perspectives beyond Asia to better assess the impact of social commerce regulation on MSMEs, consumers, and market competition.

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