



***Online Dispute Resolution as a Forum for Resolving  
Algorithmic Trading Error Dispute in Financial Market***

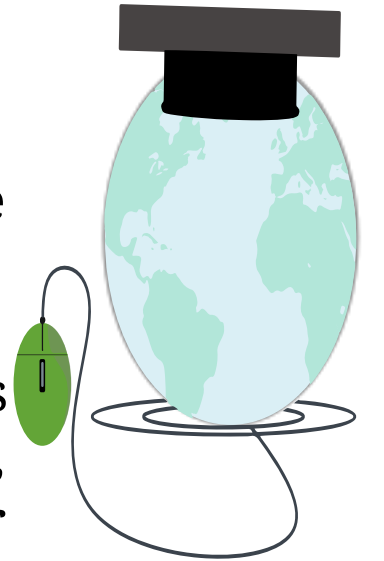
# BACKGROUND

One of the developments that have taken place in the financial market is the presence of an algorithmic trading system.

However, the course of an algorithmic trading system is not always predictable. Unexpected system errors, as well as causing losses to consumers, may occur. Thus, a mechanism for legal action still needs to be provided for consumers in the event of a loss.

With regard to the mechanism of legal action, online dispute resolution is present as a breakthrough, especially in electronic transaction disputes.

The forum is an alternative dispute resolution using electronic media, so that the disputing parties do not need to meet physically face to face.



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LIABILITIES OF FINANCIAL SERVICE PROVIDER  
ACCORDING TO INDONESIAN LAW IN THE CASE OF  
ALGORITHMIC ERROR IN THEIR SYSTEM

02

SETTLEMENT OF ALGORITHMIC ERROR DISPUTE  
THROUGH ONLINE DISPUTE RESOLUTION



LEGAL ISSUE



A top-down view of a person's hands typing on a silver laptop. The person is wearing an orange and white checkered button-down shirt with light blue cuffs. They have red nail polish and a large, ornate ring on their left ring finger. The laptop is open and resting on a dark, textured surface.

## METHOD

This research is a normative research. The approaches used in this research are statute, conceptual, and comparative approaches

# LIABILITIES OF FINANCIAL SERVICE PROVIDER ACCORDING TO INDONESIAN LAW IN THE CASE OF ALGORITHMIC ERROR IN THEIR SYSTEM



Indonesian Law Number 8 Year 1999 on Consumer Protection serves as a pivotal legislation in Indonesia, providing a comprehensive legal framework to safeguard the rights and interests of consumers. Under Indonesian Law Number 8 Year 1999 on Consumer Protection, the liability of financial service providers for damages caused to consumers as a result of errors in their systems is firmly grounded in the legal framework. Several provisions within the law establish the legal basis for holding financial service providers accountable in such cases. Provisions such as Article 4, Article 18, and Article 14 establish the responsibilities of producers and recognize the rights of consumers to seek compensation for harm or financial losses resulting from system errors. In order to achieve a balanced legal protection between producers or providers and consumers, *presumption of liability* concept is more suitable to be applied. Under this framework, producers or providers are presumed to always be liable for consumer losses unless they can prove that the losses were not caused by their own fault. In this case, the burden of proof is on the producers or providers to demonstrate their innocence in order to be exempted from liability for the losses. This is what distinguishes it from *liability based on fault* concept, where the burden of proof lies on the affected consumer to prove the fault of the producer or provider.

# SETTLEMENT OF ALGORITHMIC ERROR DISPUTE THROUGH ONLINE DISPUTE RESOLUTION



Integrating ODR into the resolution of disputes arising from system errors in the financial market can provide an effective and efficient means of addressing consumer losses and ensuring fairness and justice for all parties involved. By harnessing the benefits of digital technology and creating a supportive legal framework, ODR offers an optimal choice for resolving disputes, promoting timely resolutions, and preserving relationships between financial service business actors and their customers. The utilization of ODR in cases of system errors aligns with the evolving nature of the financial market and the need for innovative approaches to consumer protection and dispute resolution. When it comes to resolving disputes arising from system errors in the financial market, online dispute resolution (ODR) emerges as the best choice compared to traditional alternative dispute resolution (ADR) methods. ODR's convenience, accessibility, efficiency, transparency, and capacity to handle complex technical matters make it particularly well-suited for addressing disputes related to system errors. By leveraging digital platforms and technology, ODR provides an optimal solution that overcomes geographical constraints, expedites the resolution process, enhances transparency, and accommodates the intricacies associated with system errors. Ultimately, ODR offers a more practical, cost-effective, and effective means of resolving disputes in the evolving landscape of the financial industry.



# CONCLUSION

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Financial service providers must also ensure the safety and security of their systems, implementing robust measures to protect customers' information and prevent unauthorized access or fraudulent activities. The law establishes the liability of producers for defects in their products or services, including system errors, providing consumers with the right to compensation for damages or losses. However, there is a need for regulatory changes regarding algorithmic errors by implementing the concept of presumption of liability instead of the concept of liability based on fault.

02

In cases of disputes arising from system errors, online dispute resolution (ODR) offers an efficient and accessible alternative to traditional litigation. ODR leverages digital platforms to facilitate timely resolutions, maintain cooperative relationships, and provide a transparent and accountable environment for parties to negotiate, mediate, or arbitrate their disputes. By integrating ODR into the legal framework and embracing digital technology, financial service providers can enhance consumer protection, promote fair resolutions, and maintain positive business relationships.





THANK YOU