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Research Article

Digital Platform Dominance and the Potential for Monopoly: A Review of Competition Law in Indonesia

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Abstract. The rapid growth of Indonesia's digital economy, with a Gross Merchandise Value (GMV) projected to reach US\$99 billion in 2025, has led to a concentration of market power among digital platforms operating through network effects, data control, and ecosystem integration (Google Indonesia, 2025; Domestic Trade Policy Center, 2025). This condition has given rise to various anti-competitive practices such as predatory pricing, self-preferencing, killer acquisitions, and consumer data exploitation, which are difficult to address under conventional legal frameworks (OECD, 2022; Rasbin et al., 2025). Previous studies have generally discussed digital business competition in broad terms but have not specifically examined the conceptual limitations of Law No. 5 of 1999 in addressing the characteristics of data- and algorithm-driven digital platform dominance (Setiawati et al., 2023; Ahadi, 2025). This study aims to analyze the adequacy of monopoly and dominant position provisions under Law No. 5 of 1999, identify forms of anti-competitive conduct by digital platforms in Indonesia,

and examine the relevance of international regulations for reforming Indonesian competition law. The research employs normative legal research using statutory, conceptual, and comparative approaches (Soekanto, 2007; Marzuki, 2017). The findings indicate that Law No. 5 of 1999 can still be applied in principle, as demonstrated in KPPU Decision No. 03/KPPU-I/2024. However, the law contains structural gaps in defining digital markets, recognizing data-based market power, and conducting cross-jurisdictional oversight (Sabirin & Herfian, 2021). The *ex ante* approach adopted in the European Union's Digital Markets Act and the enforcement of the United States Sherman Act provide important lessons for Indonesia in promoting competition law reforms that are adaptive to the platform economy (Cran & Thomas, 2022; Cross et al., 2024).

Keywords: digital platform dominance, competition law, Law No. 5 of 1999, Digital Markets Act, anti-competitive conduct.

INTRODUCTION

Over the past decade, Indonesia has undergone a rapid digital economic transformation alongside expanding internet penetration and increasing public dependence on digital platforms (Rawung et al., 2025; Bank Indonesia, 2025). These developments have encouraged growth across various technology-based economic sectors, including e-commerce, ride-hailing services, financial technology (fintech), and digital media. Based on performance reports from the Trade Policy Agency of the Ministry of Trade, the Gross Merchandise Value (GMV) of all digital economic activities in Indonesia increased from US\$90 billion in 2024 to US\$99 billion in 2025, representing approximately 14 percent growth, and is projected to reach US\$340 billion by 2030 (Domestic Trade Policy Center, 2025; Google Indonesia, 2025).

This growth has been driven primarily by the e-commerce sector, which remains the largest contributor to the country's GMV, reaching US\$71 billion in 2025 (Domestic Trade Policy Center, 2025). This development has been supported by the increasing popularity of video commerce, rising digital transactions, and the growing number of online sellers and stores, estimated at approximately 800,000 business units (Aulia et al., 2026). At the regional level, Indonesia accounts for around 40 percent of the ASEAN e-commerce market and has become one of the region's largest destinations for digital investment, attracting investments worth US\$21.97 billion (Domestic Trade Policy Center, 2025; Rawung et al., 2025). The expansion of the digital economy has also been supported by the growth of digital MSME ecosystems and the increasing integration of the middle class with digital technologies.

However, behind this growth lies a serious concern regarding the increasing concentration of market power among a small number of digital platform companies (Sabirin & Herfian, 2021; OECD, 2022). The development of the digital economy has not only generated innovation and market efficiency but has also led to the dominance of platform companies capable of controlling digital ecosystems both vertically and horizontally. This situation has become increasingly complex because digital markets possess characteristics fundamentally different from conventional markets, creating new challenges for competition law (Fast et al., 2022).

One of the key characteristics of digital markets is the presence of network effects and a tendency toward a "winner-takes-all" outcome (Castells, 2010; OECD, 2022). The digital economy is vulnerable to "tipping" phenomena, where markets

become concentrated around one or a few platforms due to high entry barriers, data-driven economies of scale, and strong network effects. Under such conditions, platforms that first achieve a critical mass of users tend to capture most of the market, thereby creating oligopolistic or even monopolistic structures that are difficult for new competitors to penetrate.

In addition, consumer data has evolved into a highly strategic source of market power (Fast et al., 2022). Control over data enables digital platforms to gain competitive advantages through service personalization, algorithm development, and vertical business expansion. Market power is no longer determined solely by ownership of physical assets or market share but also by the ability to control data, algorithms, and user traffic within a digital ecosystem. Another defining characteristic of digital markets is the multi-sided market structure, in which platforms bring together multiple groups of users, such as buyers and sellers in e-commerce (OECD, 2022). This structure makes traditional approaches to defining relevant markets based on product substitution increasingly difficult to apply effectively. At the same time, high switching costs tend to lock users into particular platforms, thereby strengthening the dominance of major digital firms.

These characteristics create ample opportunities for anti-competitive conduct to emerge. In the context of the digital economy, competition concerns extend beyond conventional monopolistic practices and include new forms of conduct such as predatory pricing, self-preferencing, exclusive dealing, vertical integration, and acquisitions of potential competitors (killer acquisitions) (Pratama, 2025; Sachmaso & Sugiyono, 2026). Predatory pricing, for example, is often carried out through cross-subsidization strategies and “burning cash” tactics aimed at eliminating competitors before ultimately dominating the market (Arafi, 2021; Utami & Suyatno, 2025). Such practices are fundamentally inconsistent with Article 20 of Law No. 5 of 1999 on the Prohibition of Monopolistic Practices and Unfair Business Competition, which prohibits selling below cost to eliminate competitors (Rasbin et al., 2025).

Meanwhile, self-preferencing has become one of the most significant issues in global digital competition law. In the Google Shopping case, the European Court found that Google abused its dominant position by giving more favorable treatment to its own services through search algorithms while simultaneously reducing the visibility of competing services (BBC News, 2017; European Commission, 2023; Fischer et al., 2025). Such conduct was considered no longer to represent competition on the merits but rather an abuse of dominance because it created exclusionary effects and restricted market access for competitors. In a similar context, Indonesia’s Business Competition Supervisory Commission (KPPU) has also investigated allegations against Google since September 2022 concerning the mandatory use of Google Play Billing with service fees ranging from 15 to 30 percent on certain app transactions (KPPU Decision No. 03/KPPU-I/2024; Farhandi et al., 2026). This case demonstrates that digital platform dominance is not only about market share but also about control over digital infrastructure and application distribution ecosystems.

Another equally important issue is the limitation of conventional competition law approaches in addressing the dynamics of the digital economy. Traditional concepts such as the relevant market, dominant position, and proof of anti-

competitive practices are often difficult to apply to digital business models characterized by network effects, multi-sided markets, and control over data and algorithms (Sabirin & Herfian, 2021). Indonesia's competition law framework, embodied in Law No. 5 of 1999, was drafted long before the emergence of today's digital economy. Consequently, the law does not explicitly regulate the characteristics of digital business actors or forms of competition law violations in the digital sphere, making it difficult for the Business Competition Supervisory Commission (KPPU) to identify and prove unfair competition practices.

Awareness of this regulatory lag was expressed by KPPU Chairman M. Fanshurullah Asa during a hearing with Commission VI of the House of Representatives in November 2025 (Tempo.co, 2025). He emphasized the need to accelerate revisions to Law No. 5 of 1999, arguing that Indonesia's competition law is no longer adequate to address the challenges posed by modern business models developing in the era of artificial intelligence and algorithm-based digital economies.

At the global level, various countries have begun developing new regulatory approaches to address digital platform dominance. The European Union, through the Digital Markets Act (DMA), introduced the concept of "gatekeepers" and prohibited self-preferencing practices by dominant platforms (Cran & Thomas, 2022; Bauer et al., 2025). India, through its Draft Digital Competition Act 2024, prohibits bundling and self-preferencing practices and requires interoperability and data-sharing obligations for digital firms considered systemically significant (Rasbin et al., 2025). These international regulatory developments demonstrate that conventional *ex post* competition law approaches are no longer sufficient to address digital platform dominance, making more progressive, integrated, and *ex ante* regulatory approaches necessary (CSIS, 2023).

Research on competition in the digital era has been widely conducted, particularly regarding e-commerce development and challenges in enforcing competition law in Indonesia. The study *Competition in the Digital Era: Challenges and Opportunities for E-Commerce* highlighted the importance of government oversight of digital commerce through competition law instruments to maintain a healthy competitive environment (Setiawati et al., 2023). Similarly, Zahrotul Ahadi's research on *Business Competition in the Digital Era: Challenges and Law Enforcement in the Growth of E-Commerce in Indonesia* demonstrated that digital economic growth has generated problems such as predatory pricing, digital monopolies, lock-in policies, and platform vertical integration, requiring adjustments in law enforcement to accommodate digital market dynamics (Ahadi, 2025).

However, previous studies have generally focused on the development of e-commerce and digital competition challenges in general and have not specifically examined digital platform dominance as a new form of market power concentration within a data- and algorithm-driven economy. Furthermore, these studies have paid limited attention to the conceptual limitations of Law No. 5 of 1999 in addressing digital market characteristics marked by network effects, multi-sided markets, data control, and algorithmic governance.

Against this background, the novelty of this research lies in positioning digital platform dominance as the primary focus of competition law analysis in Indonesia.

This study not only examines the adequacy of regulations concerning monopolistic practices and dominant positions under Law No. 5 of 1999 but also identifies various anti-competitive behaviors typical of the digital economy, including self-preferencing, killer acquisitions, predatory pricing, and consumer data exploitation as instruments of market power.

Accordingly, this study seeks to answer three key questions:

- 1) How do the provisions on monopolistic practices and dominant positions under Law No. 5 of 1999 address digital platform dominance in Indonesia?
- 2) What forms of anti-competitive behavior may potentially be carried out by digital platforms?
- 3) To what extent can international regulatory developments serve as lessons for reforming Indonesia's competition law in the era of the digital economy?

RESEARCH METHODOLOGY

This study is a normative legal research that examines the adequacy of Indonesian competition law norms in addressing digital platform dominance (Soekanto, 2007). Normative legal research involves analyzing and examining primary and secondary legal materials and is also referred to as doctrinal legal research, which studies law as written and applied (law in books). The primary object of this research is legal norms, juridical concepts, and decisions of competition authorities rather than social behavior or empirical field data.

Referring to Peter Mahmud Marzuki's framework, this study employs three approaches (Marzuki, 2017):

- a. **Statutory Approach:** involving the examination of laws and regulations relevant to the legal issues under study.
- b. **Conceptual Approach:** based on doctrines and theories developed in legal scholarship.
- c. **Comparative Approach:** comparing Indonesian law with foreign legal frameworks.

The statutory approach is used to analyze the normative framework of Law No. 5 of 1999, particularly: Article 1 (definitions of monopoly and unfair business competition), Articles 4–15 (anti-competitive agreements), Articles 17–24 (prohibited business activities), and Article 25 (abuse of dominant position), along with related regulations such as Government Regulation No. 80 of 2019 concerning Electronic Commerce and Minister of Trade Regulation No. 31 of 2023 (Aulia et al., 2026). The conceptual approach is used to operationalize key concepts in digital competition law, including relevant market, abuse of dominant position, network effects, multi-sided market, data concentration, gatekeeper, predatory pricing, self-preferencing, killer acquisition, as well as ex ante and ex post regulatory approaches (OECD, 2022; Fast et al., 2022).

The comparative approach compares Indonesia's legal framework with:

- The European Union's Digital Markets Act (DMA), representing an ex ante regulatory model based on the gatekeeper concept (Cran & Thomas, 2022; Bauer et al., 2025).

- The United States Sherman Antitrust Act of 1890, particularly Section 2, and its enforcement through landmark cases such as *United States v. Google LLC* (2024), *FTC v. Meta Platforms*, and *FTC v. Amazon* (2023) (Cross et al., 2024; Carpenter Wellington PLLC, 2025; Nicholls, 2025).

The primary legal materials used in this study include: The 1945 Constitution of Indonesia (Article 33), Law No. 5 of 1999, The Electronic Information and Transactions Law, Government Regulation No. 80 of 2019, Minister of Trade Regulation No. 31 of 2023, KPPU regulations and guidelines, KPPU Decision No. 03/KPPU-I/2024 concerning Google Play Billing, the KPPU Integrity Pact in the Shopee case, European Commission decisions involving Google Shopping and Meta, *United States v. Google LLC*, DMA Regulation (EU) 2022/1925, The Sherman Antitrust Act, and India's Draft Digital Competition Act 2024. Secondary legal materials consist of books, scholarly journals, and official reports issued by KPPU, OECD, the Indonesian House of Representatives, and the Ministry of Trade.

The analysis is conducted qualitatively through three stages:

- 1) Systematic analysis of Law No. 5 of 1999 to identify regulatory gaps in addressing digital market characteristics.
- 2) Conceptual analysis to evaluate whether existing competition law concepts can adequately address data- and algorithm-driven anti-competitive practices.
- 3) Comparative analysis to identify international regulatory models that may be adapted to Indonesia's legal context.

The overall objective is to develop prescriptive legal arguments that go beyond merely describing the law as written and instead formulate directions for competition law reform in Indonesia's digital economy era.

RESULTS AND DISCUSSION

3.1 Regulation of Monopolistic Practices Under Law No. 5 of 1999 and Its Challenges in Relation to Digital Platforms

The regulation of monopolistic practices under Law No. 5 of 1999 concerning the Prohibition of Monopolistic Practices and Unfair Business Competition demonstrates that Indonesian competition law is built upon the principle of economic democracy as mandated by Article 33 of the 1945 Constitution (Sabirin & Herfian, 2021). The law does not prohibit monopolies absolutely; rather, it prohibits monopolistic practices that create unfair competition and harm the public interest. This principle is reflected in Article 1(2) of Law No. 5 of 1999, which emphasizes the concentration of economic power that disrupts market mechanisms and harms society. Thus, the primary focus of Indonesian competition law is not merely the size of business actors but the abuse of economic power that has the potential to hinder fair competition.

Normatively, Law No. 5 of 1999 regulates monopolistic practices through three major approaches: prohibitions on anti-competitive agreements, prohibitions on certain business activities, and prohibitions on abuse of dominant position. Within the category of prohibited agreements, the law regulates various forms of market collusion, including oligopoly (Article 4), price fixing (Articles 5–8), market allocation (Article 9), cartels (Article 11), oligopsony (Article 13), anti-competitive vertical

integration (Article 14), and exclusive and tying agreements (Article 15). These provisions aim to prevent business actors from collaborating to control prices, distribution channels, or market access in ways that eliminate fair competition.

In addition to regulating anti-competitive agreements, Law No. 5 of 1999 also governs various forms of business activities that are directly prohibited. Article 17, for example, prohibits business actors from controlling the production and/or marketing of goods or services if such control results in monopolistic practices or prevents other business actors from entering the market. This provision is further expanded through Articles 18–24, which cover monopsony practices, market control, predatory pricing, market discrimination, and bid-rigging conspiracies. Through these provisions, the law seeks to maintain competitive market structures and prevent manipulation by dominant business actors.

With regard to dominant positions, Article 25 constitutes the core provision governing the abuse of dominant position. Business actors holding a dominant position are prohibited from using their market power to hinder competitors, restrict technological development, or impose trading conditions that are detrimental to consumers or other businesses. Law No. 5 of 1999 even establishes quantitative indicators for dominance, namely when a single business actor controls 50 percent of a market, or when two to three business actors collectively control 75 percent of a particular market. This approach demonstrates that Indonesian competition law remains heavily oriented toward conventional measures such as market share as the primary indicator of economic dominance (Sabirin & Herfian, 2021).

From an institutional perspective, the establishment of the Business Competition Supervisory Commission (KPPU) represents an essential instrument for competition law enforcement in Indonesia (Presidential Regulation No. 100 of 2024). KPPU possesses the authority to receive reports, conduct investigations and examinations, and impose administrative sanctions on business actors found to have engaged in monopolistic practices or unfair business competition. The exercise of these powers has been strengthened through various KPPU regulations and implementation guidelines for Law No. 5 of 1999, including regulations concerning mergers and acquisitions, dominant position assessments, and procedures for handling competition cases. This enforcement model demonstrates that Indonesia relies on a quasi-judicial administrative body in overseeing market competition.

The development of the digital economy has subsequently encouraged the issuance of several sectoral regulations related to digital commercial activities. These include Government Regulation No. 80 of 2019 concerning Electronic Commerce, Law No. 11 of 2008 as amended by Law No. 19 of 2016 concerning Electronic Information and Transactions, and Minister of Trade Regulation No. 31 of 2023, which revised Minister of Trade Regulation No. 50 of 2020 concerning licensing, supervision, and guidance of businesses engaged in electronic commerce (Aulia et al., 2026). The existence of these regulations demonstrates that the government has begun establishing a framework for supervising digital economic activities, including efforts to maintain fair competition in digital markets and provide protection for MSMEs, consumers, and domestic business actors.

Nevertheless, the emergence of digital platforms has introduced new challenges that cannot be fully addressed within the framework of conventional competition law. Digital platform dominance is no longer built solely on traditional market share control but rather on network effects, consumer data ownership, algorithmic control, ecosystem integration, and multi-sided market structures (OECD, 2022; Fast et al., 2022). Digital platforms possess structural characteristics distinct from conventional businesses because they can generate network effects whereby the more users a platform attracts, the greater its economic value becomes. Under certain circumstances, these effects create a winner-takes-all tendency, resulting in markets becoming concentrated in the hands of one or a few dominant platforms (Castells, 2010).

In addition to network effects, data concentration has emerged as a new source of market power in the digital economy (Fast et al., 2022). Unlike conventional business actors that collect data only from their own customers, digital platforms can gather vast amounts of information simultaneously from multiple sides of the market. Such data are then processed through algorithms to improve services, predict consumer behavior, and strengthen the platform's market position. This condition is further reinforced through ecosystem integration, which enables platforms to expand vertically while controlling multiple services within a single ecosystem, including e-commerce, digital payments, logistics, and social media (Aji et al., 2023). Likewise, the structure of multi-sided markets makes traditional methods of defining relevant markets increasingly complex because pricing decisions and business strategies on one side of the market directly affect participants on other sides (OECD, 2022).

These characteristics create significant opportunities for anti-competitive conduct within the digital economy, including predatory pricing, self-preferencing, algorithmic discrimination, exclusive dealing, and acquisitions of potential competitors (killer acquisitions) (Pratama, 2025; Sachmaso & Sugiyono, 2026). The problem becomes more complicated because Law No. 5 of 1999 still focuses largely on conventional indicators such as prices and market share, whereas market power in the digital economy is frequently built upon data control and ecosystem management that are difficult to quantify. Consequently, many anti-competitive practices by large digital companies may fall beyond the effective reach of Indonesia's existing competition law framework (Sabirin & Herfian, 2021).

3.2 Forms of Anti-Competitive Conduct by Digital Platforms in Indonesia

The growth of digital platforms has not only generated economic efficiency, service innovation, and expanded market access but has also given rise to increasingly complex forms of anti-competitive behavior. Unlike conventional monopolistic practices, which are often characterized by explicit cartels or direct price-fixing agreements, anti-competitive conduct in the digital economy is frequently embedded within algorithm design, ecosystem integration, data control, and technology-based business strategies (OECD, 2022; Fast et al., 2022). The characteristics of digital markets—supported by network effects, multi-sided markets, and data concentration—enable major digital platforms to create entry barriers that are difficult for new competitors to overcome. In this environment, market dominance is

no longer determined solely by market share but also by control over data, digital infrastructure, and consumer traffic within platform ecosystems.

One of the most prominent forms of anti-competitive conduct is predatory pricing (Utami & Suyatno, 2025; Rasbin et al., 2025). In the digital economy, competition does not rely exclusively on production efficiency but increasingly on a platform's ability to engage in cross-subsidization and "burning cash" strategies to expand its user base and gain market dominance. This practice has been evident in Indonesia's ride-hailing industry, where platforms such as Gojek and Grab have offered substantial discounts and below-market fares to attract consumers and maintain competitive advantages (Arafi, 2021). Similar patterns can also be observed in the e-commerce sector. Platforms such as Shopee and Tokopedia have implemented aggressive pricing incentives that may potentially be categorized as predatory pricing, ultimately weakening the competitiveness of MSMEs and creating dependency on large platforms (Utami & Suyatno, 2025). Competition law enforcement in this area remains limited due to difficulties in establishing economic and legal proof.

Beyond predatory pricing, self-preferencing has emerged as a central issue within digital competition law (Sachmaso & Sugiyono, 2026; Fischer et al., 2025). Self-preferencing occurs when a platform uses its position as the operator of a digital ecosystem to grant preferential treatment to its own products or services over those offered by third-party businesses operating on the same platform. In digital markets, platforms often function not only as intermediaries but also as direct competitors to their own business partners. This conduct may take the form of search algorithm manipulation, adjustment of product visibility, or preferential access to the platform's internal services.

A notable example in Indonesia involves Shopee (Sachmaso & Sugiyono, 2026; Farhandi et al., 2026). Law No. 5 of 1999 does not recognize self-preferencing as a separate legal category. As a result, KPPU has had to evaluate such practices using older concepts such as discrimination or abuse of dominant position that were developed before the rise of digital platforms. Enforcement challenges also remain significant because regulators often lack access to proprietary platform data and algorithms and must therefore rely on indirect evidence, including transaction patterns, interface modifications, and internal policy documents. In November 2024, KPPU determined that Shopee and Shopee Express had fulfilled all obligations under an Integrity Pact, including interface adjustments, data disclosures, and compliance program registrations, resulting in the termination of proceedings (Farhandi et al., 2026). However, this approach illustrates KPPU's preference for corrective measures and system redesign rather than purely punitive sanctions.

At the international level, the most widely known self-preferencing case is Google Shopping, in which Google was fined €2.42 billion by the European Commission for abusing its dominant position in the online search market by giving preferential rankings to Google Shopping results (BBC News, 2017; European Commission, 2023). Another example involves Alibaba, which was fined 18.2 billion yuan for requiring online merchants to sell exclusively through its platform and prohibiting them from using competing platforms.

Another form of anti-competitive conduct is tying and bundling, where the use of one service is linked to another service within the same digital ecosystem (Aji et al., 2023). Although ecosystem integration may improve efficiency and convenience for users, it can also serve as a tool for strengthening market dominance. The GoTo ecosystem, for example, integrates transportation services, digital payments, and e-commerce into a single interconnected system (Aji et al., 2023). Users of GoPay enjoy seamless transactions within Tokopedia and Gojek services, while businesses operating within the ecosystem are encouraged to continue using the platform's internal services. Such integration can increase barriers to entry because consumers become less willing or able to switch to alternative providers.

The Google Play Billing (GPB) case in Indonesia reflects a similar issue (KPPU Decision No. 03/KPPU-I/2024; Farhandi et al., 2026). Google required application developers to use its proprietary payment system and pay designated fees. In KPPU Decision No. 03/KPPU-I/2024, this policy was considered an abuse of dominant position because it limited payment method choices and reinforced vertical integration within Google's digital ecosystem.

Digital platform dominance is further strengthened through exclusive dealing practices and the lock-in effect. Exclusive dealing occurs when a platform directly or indirectly encourages business partners to use only the services available within its ecosystem. Meanwhile, the lock-in effect creates conditions in which users find it difficult to switch to competing platforms due to technical, economic, or psychological barriers. In practice, these mechanisms are often built through control of consumer data, one-sided standard contracts, exclusive incentives, and non-transparent algorithmic arrangements.

In addition to internal platform practices, digital market dominance is also reinforced through killer acquisitions, namely acquisitions of potentially competitive startups to prevent the emergence of future rivals (Pratama, 2025; Fadlurrahman et al., 2024). Unlike conventional mergers aimed at expanding business efficiency, killer acquisitions are often directed at relatively small companies that possess innovative potential capable of threatening the dominant firm's market position. These transactions are difficult to monitor because the target companies frequently do not meet the asset or revenue thresholds that trigger mandatory merger notifications.

Globally, examples of killer acquisitions include Meta's acquisitions of Instagram and WhatsApp, which have been criticized as strategic moves to preserve its monopoly position in the social media market (Fadlurrahman et al., 2024). In Indonesia, the GoTo merger also raised concerns regarding increasing concentration in the digital market, since the integration of two major players could further strengthen the dominance of a particular digital ecosystem (Aji et al., 2023; Pratama, 2025). Challenges for KPPU are intensified by Indonesia's merger-control system, which still relies on a post-notification mechanism, meaning oversight occurs only after a transaction has already been completed.

Furthermore, consumer data has evolved into a new source of market power within the digital economy (Fast et al., 2022). Digital platforms can collect, process, and utilize vast quantities of data to predict consumer behavior, operate recommendation algorithms, determine pricing strategies, and prioritize specific

products. Such data control creates data-driven market power, which is difficult for new entrants to challenge because the more users a platform attracts, the more data it acquires to improve service quality and reinforce its market position.

Under certain circumstances, algorithmic systems may lead to price discrimination, manipulation of consumer preferences, and exploitation of personal data without adequate transparency (Fast et al., 2022; OECD, 2022). These developments illustrate that abuse of dominance in the digital economy is no longer merely a matter of price control or production control but increasingly concerns control over data and algorithms. KPPU itself has acknowledged the importance of competition law reform to address technology- and data-based dominance, including expanding the definition of relevant markets and strengthening evidentiary mechanisms through the use of indirect evidence such as economic data and digital communications (Tempo.co, 2025; Sabirin & Herfian, 2021).

3.3 Comparison of International Regulations and Their Relevance to Indonesia

The development of the digital economy has encouraged many countries to undertake major transformations in competition law. The dominance of digital platforms such as Google, Meta, Amazon, Apple, and Alibaba demonstrates that conventional competition law approaches are no longer fully capable of addressing digital market characteristics driven by data, algorithms, and network effects (OECD, 2022; Fast et al., 2022). In response, numerous jurisdictions have begun developing new regulatory models to control the power of digital platforms, either through ex post litigation-based approaches or ex ante preventive regulatory frameworks (CSIS, 2023; Cran & Thomas, 2022). International comparisons are particularly important for Indonesia because they provide insight into global competition law developments while highlighting the shortcomings of traditional regulatory systems in dealing with cross-border digital platform dominance.

3.3.1 The European Union Approach: Digital Markets Act (DMA)

The European Union has become one of the most progressive jurisdictions in regulating digital platform dominance through the Digital Markets Act (DMA) (Cran & Thomas, 2022; Bauer et al., 2025). This regulation represents the first comprehensive legal instrument specifically designed to regulate the power of gatekeepers, namely large digital companies that occupy strategic positions in controlling access to digital markets. The DMA does not replace existing EU competition law; instead, it complements it by establishing a separate regulatory regime tailored specifically to digital markets.

After being proposed by the European Commission in December 2020, the DMA was adopted by the European Parliament and the Council of the European Union in September 2022, entered into force in November 2022, and became fully applicable in May 2023 (Cran & Thomas, 2022; European Commission, 2026). The regulation establishes objective criteria for identifying gatekeepers, including platforms that provide core services such as search engines, app stores, social media platforms, messaging services, and digital marketplaces. In implementation, the European Commission designated several major companies as gatekeepers, including

Alphabet, Amazon, Apple, ByteDance, Meta, and Microsoft (European Commission, 2026).

Gatekeeper status carries legal consequences in the form of specific obligations and prohibitions that dominant digital companies must follow. One of the DMA's most significant innovations is its explicit prohibition of self-preferencing, whereby platforms prioritize their own products or services over those of competitors within the same ecosystem (Fischer et al., 2025). The DMA also prohibits combining data across services without user consent, limits user lock-in practices, and requires interoperability for certain services to maintain open and contestable digital markets (Cran & Thomas, 2022).

Perhaps the most fundamental innovation of the DMA lies in its shift from an ex post enforcement paradigm to an ex ante regulatory approach (CSIS, 2023). Whereas traditional competition law generally intervenes only after violations occur, the DMA establishes preventive rules designed to stop platform dominance from developing into monopolistic market structures that are difficult to reverse. This approach is grounded in the recognition that digital markets evolve rapidly and can experience market tipping within a short period as a result of network effects and data concentration (OECD, 2022). Therefore, the European Union has chosen to intervene before irreversible harm to market structures occurs. An example of this preventive approach can be seen in the European Commission's treatment of Meta's "pay or consent" model, which was considered inconsistent with DMA principles because it limited users' freedom regarding the use of their personal data (European Commission, 2026).

The European Union's approach demonstrates that competition regulation in the digital era can no longer rely solely on conventional litigation mechanisms. Digital platforms are regarded as possessing structural power capable of influencing information flows, consumer behavior, and market access for other businesses. Consequently, regulation of dominant platforms must be proactive and specifically designed to address anti-competitive conduct based on algorithms, data control, and ecosystem governance (CSIS, 2023; Bauer et al., 2025).

3.3.2 The United States Approach: Antitrust Enforcement Against Big Tech

Unlike the European Union's preventive regulatory model, the United States continues to rely primarily on litigation-based antitrust enforcement under the Sherman Antitrust Act of 1890 (Carpenter Wellington PLLC, 2025). Section 2 of the Sherman Act serves as the principal legal basis for addressing monopolization and abuse of market power by major technology companies. This provision prohibits exclusionary practices and unilateral conduct designed to acquire or maintain monopoly power unlawfully. Enforcement actions may be brought by the Department of Justice (DOJ), the Federal Trade Commission (FTC), state attorneys general, or private parties that suffer harm.

However, the application of conventional antitrust approaches to the digital sector faces a number of structural limitations. The consumer welfare doctrine, which has long served as the foundation of antitrust law in the United States, tends to assess competitive harm primarily through the lens of consumer price increases (Carpenter

Wellington PLLC, 2025). This approach becomes problematic in digital markets because many platform services, such as those provided by Google, Meta, and Instagram, are offered to users free of charge. As a result, proving competitive harm becomes significantly more difficult, even when those platforms possess enormous market power derived from control over data, algorithms, and network effects (Fast et al., 2022).

Despite these limitations, the United States has launched the most aggressive wave of antitrust enforcement against major technology companies in several decades. On August 5, 2024, Judge Amit Mehta ruled in *United States v. Google LLC* that Google had illegally maintained its monopoly in the markets for general search services and search text advertising, in violation of Section 2 of the Sherman Act (Cross et al., 2024; Nicholls, 2025). The case, originally filed by the Department of Justice (DOJ) in 2020, focused on distribution agreements under which Google paid billions of dollars annually to device manufacturers such as Apple and Samsung to ensure that Google Search remained the default search engine on their devices.

This ruling marked the first major antitrust victory against a Big Tech company since *United States v. Microsoft Corp.* more than twenty years earlier and opened the door to stricter antitrust enforcement throughout the technology sector, including ongoing cases involving Apple, Amazon, and Meta (Cross et al., 2024; Nicholls, 2025). At the same time, the Federal Trade Commission (FTC) has filed lawsuits against Meta, alleging violations of antitrust law and illegal monopolization in the social media market through its acquisitions of Instagram and WhatsApp (Fadlurrahman et al., 2024). Amazon has also faced legal action over allegations that it maintained monopoly power within the online retail and marketplace sector through mutually reinforcing anti-competitive strategies. Collectively, these cases represent the most significant antitrust campaign against major technology companies in the United States in recent decades.

The contrast between the European Union and the United States reveals two major models of regulating digital markets. The European Union emphasizes a preventive approach based on specialized sectoral regulation, while the United States continues to rely on litigation and case-by-case enforcement. Both approaches demonstrate that even advanced economies are still searching for the most effective framework for controlling rapidly evolving digital platform dominance.

3.3.3 Relevance for Indonesia

The experiences of the European Union and the United States provide important lessons demonstrating that conventional competition law frameworks are no longer sufficient to address the realities of the digital economy (CSIS, 2023; Sabirin & Herfian, 2021). Indonesia faces similar challenges, although its regulatory and institutional capacities remain relatively more limited. Law No. 5 of 1999 was drafted within the context of a conventional economy and therefore is not fully equipped to address anti-competitive practices driven by data, algorithms, and multi-sided markets.

In digital markets, platforms function not only as intermediaries but also as business actors that compete directly with their own commercial partners. This

creates new risks, including self-preferencing, algorithmic discrimination, consumer data exploitation, and dominance in two-sided or multi-sided markets (Fast et al., 2022; Sachmaso & Sugiyono, 2026). These issues are not yet explicitly regulated under Indonesian competition law.

KPPU has repeatedly emphasized that digital economic transformation requires competition law reforms that are more adaptive to technological developments (Tempo.co, 2025). Without regulatory modernization and stronger institutional capacities, there is a genuine risk that Indonesia's digital economy will evolve into a monopolistic market structure that becomes closed to new innovation. Consequently, Indonesia should begin considering the establishment of a legal framework specifically designed to regulate digital platform dominance, including expanding the definition of dominant position, introducing indicators of substantial market power, and regulating anti-competitive conduct involving algorithms and digital data.

Beyond regulatory reform, strengthening KPPU's authority has become an urgent necessity. During discussions concerning revisions to Law No. 5 of 1999, both KPPU and the Indonesian House of Representatives emphasized the importance of enhancing investigative powers, search and seizure authority, and adapting evidentiary standards for digital economy cases (Tempo.co, 2025). Enforcement approaches that have traditionally been reactive and case-driven should evolve toward more proactive and risk-based approaches. Such reforms could include the utilization of digital forensics, artificial intelligence, and advanced digital market monitoring systems.

Furthermore, Indonesia should consider adopting a dedicated regulatory framework for digital platforms similar to the European Union's Digital Markets Act (DMA) or India's Draft Digital Competition Act (CSIS, 2023; Rasbin et al., 2025). A sector-specific regulatory regime could more effectively address characteristics of digital markets that cannot be adequately managed through conventional competition law alone. Such regulations could provide legal certainty regarding the permissible conduct of dominant digital platforms, protection for digital MSMEs, service interoperability requirements, and restrictions on user lock-in practices.

In addition, the complexity of the digital economy demonstrates that oversight of digital platforms cannot be entrusted to a single institution. Issues involving digital platforms often simultaneously concern competition law, consumer protection, personal data protection, digital taxation, and cybersecurity. Therefore, stronger cooperation among KPPU, the Ministry of Communication and Digital Affairs (Komdigi), the Financial Services Authority (OJK), Bank Indonesia, and future data protection authorities is essential for building a healthy digital economy governance system. Without adaptive legal reforms and effective institutional coordination, law will continue to lag behind the much faster pace of digital economic development.

CONCLUSION AND RECOMMENDATIONS

4.1 Conclusion

Law No. 5 of 1999 remains, in principle, capable of addressing digital monopoly practices, as demonstrated by its application in the Google Play Billing (GPB) case

(KPPU Decision No. 03/KPPU-I/2024) and the Shopee self-preferencing case (Farhandi et al., 2026). However, the law is not yet fully adaptive to the characteristics of the platform economy. The absence of provisions accommodating multi-sided markets, the lack of a gatekeeper classification, limitations in proving algorithm-based conduct, and the reliance on a relatively slow ex post enforcement approach make Law No. 5 of 1999 insufficient as the sole supervisory instrument in the era of digital platforms (Sabirin & Herfian, 2021).

Digital platforms possess substantial potential to perpetuate anti-competitive conduct through data concentration, network effects, ecosystem integration (bundling and tying), self-preferencing, large-scale predatory pricing, and killer acquisitions (OECD, 2022; Pratama, 2025; Sachmaso & Sugiyono, 2026). Numerous real-world cases in Indonesia—from the aggressive subsidy strategies of Gojek and Grab to the Google Play Billing case and the Shopee proceedings—demonstrate that these concerns are not merely theoretical hypotheses but actual market realities requiring concrete legal responses (Arafi, 2021; Utami & Suyatno, 2025; Farhandi et al., 2026).

International regulatory approaches, particularly the European Union's DMA with its ex ante framework and gatekeeper concept, as well as the United States' increasingly aggressive antitrust enforcement under the Sherman Act, consistently demonstrate the importance of proactive supervision and specialized regulation for dominant platforms (Cran & Thomas, 2022; Cross et al., 2024). The relative success of the European Union in addressing violations that could not easily be proven through ex post mechanisms provides a strong argument for Indonesia to consider adopting a similar approach (CSIS, 2023).

4.2 Recommendations

Based on the findings and conclusions of this study, several policy recommendations are proposed:

1. Revise Law No. 5 of 1999 to Better Respond to the Digital Economy

At a minimum, revisions should include:

- a. Expanding the definition of the relevant market to accommodate multi-sided markets and data-based market power;
- b. Recognizing indirect evidence (economic data, algorithmic patterns, and digital logs) as admissible evidence;
- c. Strengthening financial penalties to create a deterrent effect for highly capitalized corporations;
- d. Replacing the current post-merger notification system with a pre-merger notification regime to prevent killer acquisitions.

2. Develop Special Regulations for Digital Platforms and Gatekeepers

Drawing inspiration from the DMA while adapting it to the Indonesian context, Indonesia should:

- a. Establish objective criteria for identifying gatekeeper platforms;
- b. Require interoperability and data portability;
- c. Prohibit self-preferencing practices;
- d. Introduce algorithm transparency obligations.

3. Strengthen the Capacity and Authority of KPPU

This should include:

- a. Broader investigative powers, including access to platform data and algorithms;
- b. Recruitment of experts in information technology and digital economics;
- c. The ability to conduct proactive, risk-based investigations without requiring complaints from affected parties.

4. Enhance Inter-Agency Coordination in Digital Ecosystem Oversight

Digital platform violations are multidimensional and therefore require effective coordination among KPPU, Komdigi, OJK, the National Consumer Protection Agency (BPKN), and the future Personal Data Protection Authority. Regulatory standards should also be aligned with global best practices, including OECD and UNCTAD frameworks, to prevent Indonesia from becoming a “safe haven” for anti-competitive digital platform practices that have already been prohibited in other jurisdictions.

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