

The Decentralization Via Self-Regulation of Online Platform and Competition Policy Challenges: A Study on Go-Jek in Indonesia

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Research Questions

The role of self-regulation of online platform in the decentralization of the law-making process

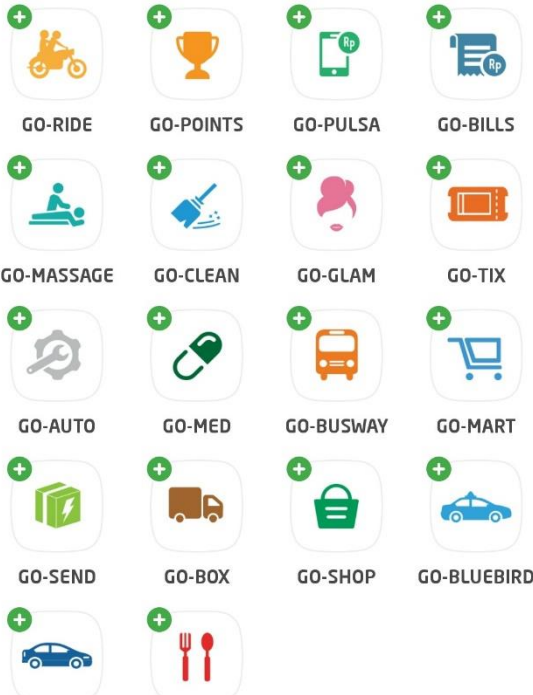
Challenges posed to competition and competition law

Go-Jek Services and Online Transportation Network in Indonesia

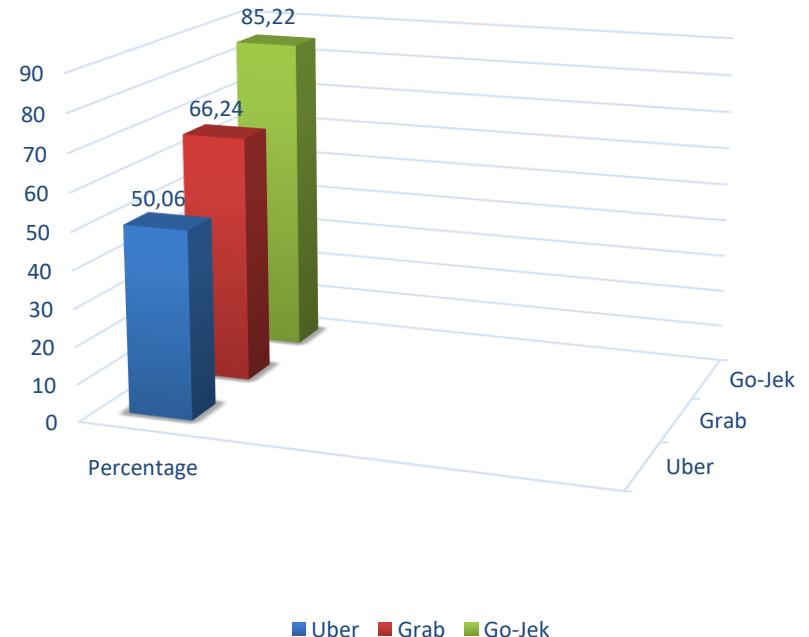
GO-JEK Services

SAVE

Tap on a service below that you like to add to your 7 favorite services.

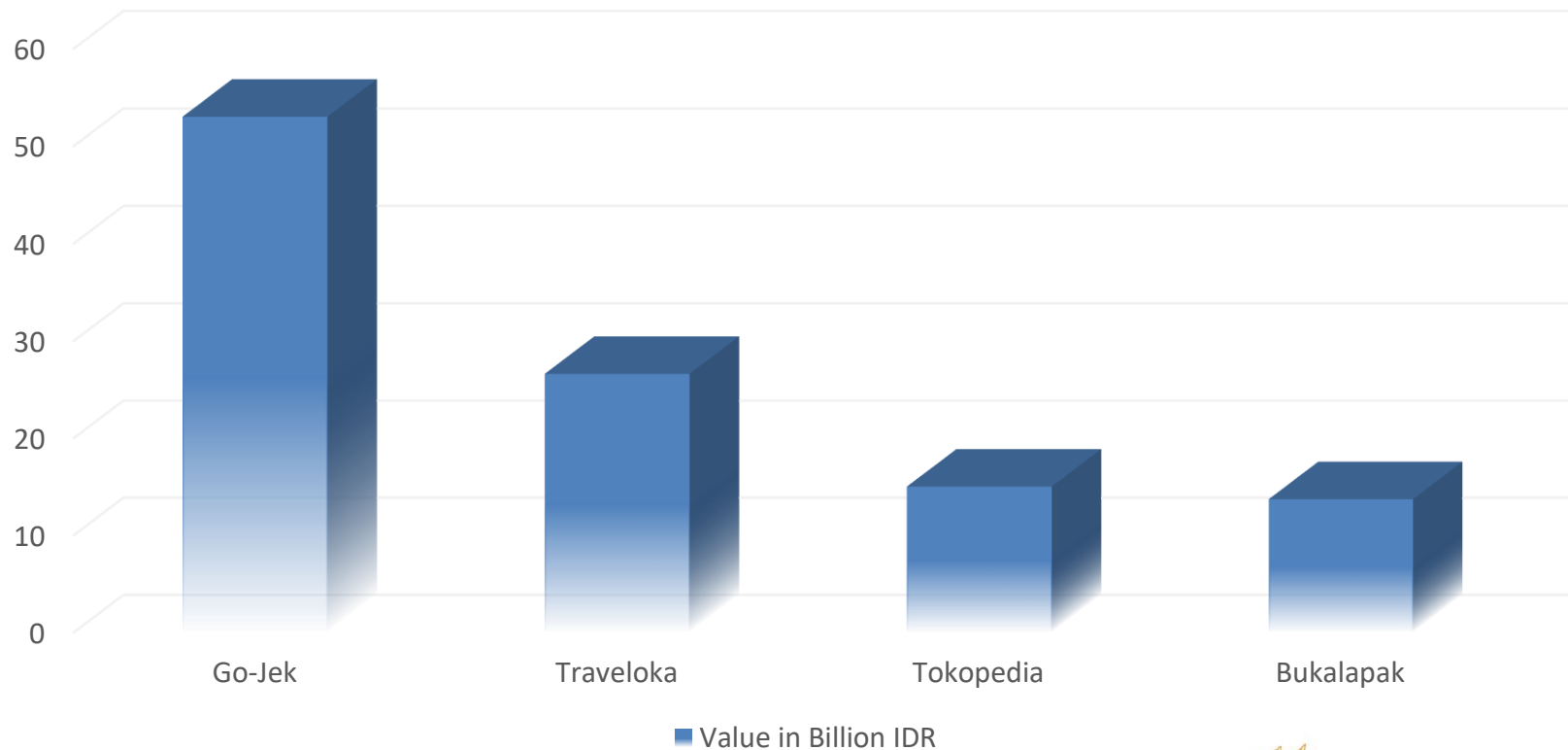


Percentage of Online Transportation Network Users in Indonesia [Prior to Uber acquisition by Grab]



Go-Jek and Other Indonesian Unicorns

4 INDONESIAN UNICORNS IN 2018



GoJek Services

Combined with the lack of adequate data protection in Indonesia
[Constitution, IT Law, Ministry Regulation → no comprehensive regulation]

Privacy issue & non-negotiable policy



- User friendly tech
 - Skilful users
- Not powerful enough to negotiate terms of use

From consumers to prosumers



Tracking & rating system

- Independent user review:
- Evaluation of services
 - Reward & penalties
 - Reputation & quality assurance

Geolocation services:

- Finding nearest services
- Estimation of price and pick up time
 - Hindering misuse



Self-Regulation of Online Platforms



Pros:

- More commitments of parties
- Less expenses for state, focus on essential matters → BUT: what are essential matters?
- Effective enforcement → by design mechanism, e.g. online reputation
- Practical, fast process

Cons:

- Non-negotiable for weaker parties
- Lack of accountability
- Unequal engagement
- Lack of constitutional or ethical principles by design

Decentralization via Self-Regulation

Self-regulation could be a better alternative than state regulation

However, state intervention in the form of state regulation, supervision and regulatory reviews remains necessary to protect public interests [e.g. tax compliance, security measures, IPR, consumer protection, and fair competition]

1. Comp. law: ex-post approach
2. Comp. authority approach [KPPU Reg. No. 4/2016]: Concern: risk of reduction of incentives to compete → reduction of consumer welfare
3. Likelihood to treat digital market industry with telecommunication industry (reg. and pol. Under the same roof [BRTI, Min. of Com & Info])
4. Ex-ante reg. to address asymmetrical reg with conventional services

Challenges

Competition policy: self-regulation v. innovation [contains a reduction of incentives to compete → facilitating cartels]

Conventional taxi's minimum tariffs imposed by "ORGANDA"

→ **Co-regulation issue**

Challenge to competition law: facilitation of anti-competitive conducts; current issues: predatory pricing allegation [Go-Jek], asset takeover between competitors [Grab and Uber]

- ✓ Asset takeover
- ✓ Art. 28 of Law No. 5/1999:
 - ❖ Merger
 - ❖ Share take over → not asset take over

Thank You!

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