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Legal Aspects of Electronic Contracts in Digital-Based International Trade

Agustine Susi Mulyati[1], Annie Myranika[2], Donny Ferdiansyah[3], Muhammad Ali Mustofa[4], Toyib Zainal[5], Majuri[6]

[1,2,3,4,5,6] Islamic University of Syekh-Yusuf, Tangerang – Banten, Indonesia, Jalan Maulana Yusuf No. 10, Babakan, Kec. Tangerang, Kota Tangerang, Banten

Email: amyranika@unis.ac.id

Abstract

This study examines the legal aspects of electronic contracts in digital-based international trade, focusing on their formation, validity, and enforceability across jurisdictions. The rapid expansion of cross-border e-commerce has transformed traditional contracting practices, replacing conventional written agreements with electronic communications, click-wrap agreements, and digital signatures. While international legal instruments, such as the UNCITRAL Model Law on Electronic Commerce and the United Nations Convention on the Use of Electronic Communications in International Contracts, provide a foundational framework, significant disparities remain in national legal systems regarding recognition and implementation. This research adopts a normative juridical approach, analyzing international legal principles, comparative regulatory frameworks, and relevant doctrines governing electronic contracts. The findings reveal that legal uncertainties persist in determining applicable law, jurisdiction, and the evidentiary value of electronic records. Furthermore, issues related to authentication, consent, and data integrity pose challenges to ensuring the reliability and enforceability of digital agreements. The lack of harmonized legal standards also contributes to increased risks for businesses and consumers engaged in international digital trade. The study highlights the urgent need for regulatory harmonization and strengthened international cooperation to enhance legal certainty and trust in electronic contracting. It contributes to the development of a more coherent legal framework capable of addressing the evolving dynamics of global digital commerce.

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INTRODUCTION

The rapid advancement of digital technology has significantly transformed the landscape of international trade, particularly through the emergence of electronic commerce (e-commerce) as a dominant mode of cross-border transactions. Traditional forms of trade that relied on physical documentation and face-to-face agreements have increasingly been replaced by digital platforms that facilitate instantaneous transactions across jurisdictions. This transformation has not only enhanced efficiency and reduced transaction costs but also introduced new legal complexities, particularly in relation to the formation and enforcement of electronic contracts (UNCTAD, 2021). The increasing reliance on electronic contracts as a primary legal instrument in digital-based international trade necessitates a comprehensive understanding of their legal aspects within the framework of international trade law.

Electronic contracts, commonly referred to as e-contracts, represent agreements formed and executed through electronic means, including emails, online platforms, and automated systems. These contracts are fundamental to digital trade, enabling businesses and consumers to engage in transactions without geographical limitations. However, the intangible and borderless nature of electronic contracts raises significant legal challenges, particularly regarding their validity, enforceability, and recognition across different legal systems. Studies have shown that the absence of uniform legal standards governing electronic contracts often leads to legal uncertainty and increased risks in cross-border transactions (Zhurabaev, 2023).

One of the primary legal concerns associated with electronic contracts is the issue of contract formation. Unlike traditional contracts, which typically involve clear elements of offer, acceptance, and consideration in a physical setting, electronic contracts often rely on automated processes such as click-wrap and browse-wrap agreements. These mechanisms raise questions about the authenticity of consent and the extent to which parties fully understand the terms of the agreement. Research indicates that the lack of explicit consent and transparency in electronic contracting can undermine the validity of such agreements, particularly in jurisdictions with stricter legal requirements for contract formation (Kim, 2019).

In addition to formation, the enforceability of electronic contracts presents another critical challenge in digital-based international trade. The enforceability of a contract

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depends on its recognition by legal systems and the ability to resolve disputes effectively. However, disparities in national laws regarding electronic signatures, digital authentication, and evidentiary standards complicate the enforcement process. While international frameworks such as the UNCITRAL Model Law on Electronic Commerce and the United Nations Convention on the Use of Electronic Communications in International Contracts provide guiding principles, their adoption and implementation vary significantly across countries (UNCITRAL, 2005). This inconsistency creates barriers to the effective enforcement of electronic contracts in cross-border contexts.

Furthermore, jurisdictional issues play a central role in determining the legal framework applicable to electronic contracts. In cross-border transactions, it is often unclear which country's laws should govern the contract and which courts have the authority to adjudicate disputes. The borderless nature of the internet complicates the identification of a specific legal jurisdiction, leading to potential conflicts of law. Empirical studies suggest that jurisdictional uncertainty is one of the most significant obstacles in the regulation of international e-commerce, as it affects both legal predictability and dispute resolution mechanisms (Jain, 2024).

Another important aspect of electronic contracts is the role of data protection and cybersecurity. Electronic contracts rely heavily on the exchange and storage of digital data, including personal and financial information. This reliance raises concerns about data privacy, security breaches, and unauthorized access. Different jurisdictions have adopted varying approaches to data protection, such as the European Union's General Data Protection Regulation (GDPR), which imposes strict requirements on data handling. The lack of harmonized data protection standards across countries creates additional legal challenges for businesses operating in international digital markets (Wen & Xin, 2026).

Moreover, the rapid growth of digital platforms has shifted the dynamics of contractual relationships, often placing consumers in a weaker bargaining position. Standardized terms and conditions, typically presented in electronic contracts, limit the ability of consumers to negotiate terms, raising concerns about fairness and transparency. Studies highlight that the imbalance of power between businesses and consumers in digital transactions necessitates stronger regulatory frameworks to ensure adequate consumer protection (Firdausi & Prastyanti, 2025).

Despite the existence of various international legal instruments, the regulation of electronic contracts in digital-based international trade remains fragmented. Differences in legal traditions, economic interests, and technological capabilities contribute to the lack

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of a unified legal framework. This fragmentation not only increases compliance costs for businesses but also undermines trust in digital transactions. Scholars argue that greater international cooperation and legal harmonization are essential to address these challenges and promote the sustainable growth of global e-commerce (Li, 2024).

In light of these challenges, this study aims to analyze the legal aspects of electronic contracts in digital-based international trade, focusing on issues of formation, validity, enforceability, jurisdiction, and data protection. By adopting a normative juridical approach and examining relevant international and national legal frameworks, this research seeks to contribute to the development of a more coherent and adaptive legal system. Ultimately, strengthening the legal framework for electronic contracts is crucial to ensuring legal certainty, protecting stakeholders, and fostering trust in the evolving digital economy.

DISCUSSION

The rapid expansion of digital-based international trade has positioned electronic contracts as a central legal instrument governing cross-border transactions. Unlike traditional contracts that rely on physical documentation and direct negotiation, electronic contracts are formed through digital interfaces, enabling parties from different jurisdictions to engage in instantaneous agreements. This transformation has significantly enhanced efficiency and reduced transaction costs, yet it has also introduced complex legal challenges that require careful examination within the framework of international trade law (UNCTAD, 2021).

One of the fundamental issues in electronic contracting is the process of contract formation. Classical contract law emphasizes the presence of offer, acceptance, and mutual consent. In digital environments, however, these elements are often embedded in automated mechanisms such as click-wrap and browse-wrap agreements. These mechanisms raise concerns regarding the authenticity of consent, as users frequently accept terms and conditions without fully understanding their implications. Empirical research suggests that the passive nature of user consent in digital platforms may undermine the validity of electronic contracts, particularly in jurisdictions that require clear and informed agreement (Kim, 2019).

In addition to formation, the legal validity of electronic contracts is closely linked to the recognition of electronic signatures and digital authentication. Across jurisdictions, there are significant disparities in how electronic signatures are regulated and accepted as legally binding. While some countries adopt technologically neutral approaches, others

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impose strict requirements for certification and verification. International legal instruments, such as the UNCITRAL Model Law on Electronic Commerce and the United Nations Convention on the Use of Electronic Communications in International Contracts, provide a foundational framework for recognizing electronic contracts. However, the uneven adoption and implementation of these instruments across countries create inconsistencies that affect legal certainty in cross-border transactions (UNCITRAL, 2005).

Another critical aspect concerns the evidentiary value of electronic contracts. In the event of a dispute, the ability to present reliable and admissible evidence is essential for enforcing contractual rights. Electronic contracts, typically stored as digital data, raise questions about authenticity, integrity, and accessibility. Not all legal systems provide clear rules on the admissibility of electronic evidence, leading to divergent judicial interpretations. Studies indicate that the absence of harmonized standards for electronic evidence poses a significant barrier to the effective resolution of cross-border e-commerce disputes (Zhurabaev, 2023).

Jurisdiction and applicable law also represent major challenges in the regulation of electronic contracts. Cross-border digital transactions often involve parties located in different countries, making it difficult to determine which legal system governs the contract and which court has authority over disputes. The borderless nature of the internet complicates the identification of a specific territorial connection, resulting in potential conflicts of law. Research highlights that jurisdictional uncertainty remains one of the most significant obstacles to legal predictability in international e-commerce (Jain, 2024). Consequently, contractual clauses such as choice of law and dispute resolution agreements play a crucial role in mitigating legal risks.

Consumer protection is another essential dimension of electronic contracts in international trade. In many cases, electronic contracts are presented as standard form agreements drafted unilaterally by businesses, leaving consumers with little or no opportunity to negotiate terms. This imbalance of bargaining power raises concerns regarding fairness, transparency, and the protection of consumer rights. Comparative studies demonstrate that the effectiveness of consumer protection in cross-border e-commerce varies significantly across jurisdictions, with some countries providing more comprehensive legal safeguards than others (Firdausi & Prastyanti, 2025). This disparity underscores the need for stronger regulatory frameworks to ensure equitable treatment of consumers in digital transactions.

Furthermore, data protection and cybersecurity have become integral components of electronic contracting. Digital transactions rely heavily on the collection, processing,

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and storage of personal and financial data, exposing users to risks such as data breaches and unauthorized access. Different jurisdictions have adopted varying approaches to data protection, with the European Union's General Data Protection Regulation (GDPR) often cited as a benchmark for stringent data protection standards. However, the lack of uniformity in global data protection laws creates compliance challenges for businesses operating in multiple jurisdictions. Research indicates that robust data protection measures are essential for building trust and ensuring the sustainability of digital commerce (Wen & Xin, 2026).

In addition to these issues, dispute resolution mechanisms for electronic contracts have evolved significantly in response to the growing volume of cross-border e-commerce transactions. Traditional litigation is often inefficient and costly in the context of international digital trade, particularly due to jurisdictional complexities and procedural barriers. As an alternative, Online Dispute Resolution (ODR) has emerged as a viable mechanism for resolving disputes in a faster and more cost-effective manner. ODR platforms enable parties to settle disputes through digital processes, reducing the need for physical presence and lengthy court proceedings. Empirical evidence suggests that ODR has considerable potential to enhance access to justice in cross-border e-commerce, although challenges remain in terms of legal recognition and enforcement (Zuo et al., 2024).

Moreover, the fragmentation of legal regulations across jurisdictions continues to hinder the development of a coherent legal framework for electronic contracts. Differences in legal traditions, economic priorities, and technological capabilities contribute to inconsistencies in regulatory approaches. This fragmentation increases compliance costs for businesses and undermines confidence in cross-border digital transactions. Scholars argue that international cooperation and legal harmonization are essential to address these challenges and promote the sustainable growth of global e-commerce (Li, 2024).

International organizations play a crucial role in facilitating the harmonization of legal standards for electronic contracts. Institutions such as UNCITRAL and the World Trade Organization (WTO) have developed various frameworks and initiatives aimed at regulating digital trade. UNCITRAL, in particular, has provided model laws that serve as references for national legislation. However, the effectiveness of these frameworks depends on their adoption and consistent implementation by member states. The lack of binding enforcement mechanisms often limits their impact on achieving global legal uniformity (Zhurabaev, 2023).

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CONCLUSION

The legal aspects of electronic contracts in digital-based international trade encompass a wide range of interconnected issues, including contract formation, validity, evidentiary standards, jurisdiction, consumer protection, data security, and dispute resolution. These challenges highlight the need for a comprehensive and adaptive legal approach capable of addressing the complexities of digital transactions. Strengthening international cooperation, promoting regulatory harmonization, and developing innovative legal mechanisms are essential steps toward ensuring legal certainty and fostering trust in the global digital economy.Acquiring negotiation skills will aid in establishing the upper hand in our life journey. Learning and mastering negotiation skills promote competitive advantages in both the academic and personal lives of an individual. Though it cannot be imbibed overnight, it is always advisable and recommendable to teach healthy negotiation skills right from schooling. With the help of exposure to numerous effective negotiating strategies and techniques, one can master the skill of negotiation technique over a period of time. It makes the individuals more empathetic and it helps in understanding the needs of others. On the whole, it fosters goodwill amongst the people which will in turn help in concerning everybody's apprehension while dealing with a conflict. Negotiation skills significantly contribute to the success of the business scenario by enhancing the skills by giving quality solutions for problematic situations. Amongst the future-ready skills series, negotiation skills occupy a vital place. No matter how technology changes, negotiation skill is the hour of the need in the arena of the business world.

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