

Consumer Protection in the Circulation of Illegal Cosmetics in Indonesia: An Analysis of Business Ethics, Legal Regulations, and Corporate Governance

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Keywords

consumer protection; illegal cosmetics; normative legal research; business ethics; corporate governance.

Abstract

The rise of illegal cosmetic products in Indonesia has become a significant concern for consumer protection, public health, and corporate accountability, particularly amid the rapid growth of digital marketplaces. Despite the existence of regulatory frameworks governing cosmetic safety, the circulation of unregistered and hazardous products continues to increase, driven by weak regulatory enforcement, inadequate oversight of online commerce, and misleading practices by sellers. This research used normative legal method and qualitative approach. The data is secondary data and taken from laws and regulations, regulations, official reports, journal articles, and credible online sources. The findings indicate that the current regulatory regime exhibits major deficiencies, including fragmented legal norms, limited inspection capacity, and the absence of clear liability standards for marketplace operators. These conditions have enabled illegal cosmetics many containing banned or harmful substances to enter the supply chain and reach consumers without effective preventive controls. The research further reveals that ethical business principles and corporate governance mechanisms are often undermined by profit-driven motives, resulting in “false compliance” by some platforms that outwardly adopt safety policies without substantively implementing them. The study argues that reinforcing consumer protection requires harmonizing relevant regulations, strengthening oversight of digital commerce, and imposing clearer obligations on marketplace operators, potentially through the adoption of stricter liability frameworks. Future research may explore technological solutions for product authentication, cross-border regulatory cooperation, and comparative legal models that address platform responsibility in the digital ecosystem.

INTRODUCTION

Indonesia is one of the serious problems in the country's administrative legal system which shows an alarming increasing trend. This phenomenon not only threatens the health and safety of society at large, but also damages the economic order and public trust in certain products and professions (Firmantoro & Suvinah, 2025).

BPOM periodically releases the results of supervision of illegal cosmetic products circulating in the market. In several reports and media reports, it was found that most of these products are not registered with BPOM and contain harmful substances such as mercury, hydroquinone, or retinoates that can damage the skin and endanger the health of consumers. This phenomenon is not only a public health issue, but also raises problems in the marketing governance of pharmaceutical products, especially related to ethical, regulatory, and distribution aspects (Sari & Aminudin, 2025).

As a result of the supervision from February 10-18, 2025 throughout Indonesia, BPOM found violations and suspected illegal cosmetic distribution production of 91 brands. There are 4,334 items with 205,133 pieces of cosmetics containing prohibited ingredients, including "blue etiquette skincare" that does not comply with the provisions, without a distribution

permit, how to use it that does not comply with the definition of cosmetics, and expired products (Fathan, 2025).

The number of illegal cosmetic products that are circulating and cosmetic products that do not have a permit to circulate in the community, have a dangerous impact on consumers (Sommaliagustina et al., 2024).

In addition, the cosmetics produced contain harmful chemicals, one of which is mercury. The lack of supervision from the authorities coupled with the low knowledge of the public in distinguishing fake and genuine products has led to the circulation of these fake cosmetics. Business actors do many ways to promote and market their products, one example is by listing that the product is made abroad and imported directly to Indonesia. The absence of notification from the BPOM agency makes the price cheaper not because the product is fake. Another way to avoid suspicion is to include labels and compositions that are imitated from original cosmetics (Syamsuddin & Haryati, 2020).

The practice of illegal cosmetic circulation is a form of deviation from the basic principles of marketing that uphold consumer safety, honesty of product information, and compliance with regulations. Illegal cosmetics are usually marketed through informal, unsupervised channels, and often take advantage of social media and unofficial distribution networks, making it difficult to track and control (Sari & Aminudin, 2025).

In this competition, many business actors often use loopholes in regulations and weak supervision to distribute cosmetic products that do not fulfill safety, quality, and effectiveness standards. Ahmad Miru in his article explained that the large market opportunity is utilized by several business actors, both licensed and unlicensed, to market inappropriate cosmetic products. This situation happens because consumer rights protection is still not adequate, causing consumers in weak positions to be easily exploited for business interests (Azura, 2022).

So far, consumer protection has been regulated in sectoral laws, such as the Patent, Trademark law and or the Industrial business law, but differences in formulation, settlement procedures and the imposition of types of sanctions cause business behavior that is detrimental to consumers, often cannot be resolved optimally (Herlina, 2019).

Even though Indonesia already have UUPK and BPKN for protect consumers, the implementation still has many problems. One challenge in Indonesia is limited legal facilities and low understanding of consumers about their rights. Besides that, the system for solving consumer disputes, through court or outside court, still not fully effective, especially for consumers who live far from economic and business areas (Subagyono et al., 2025).

Law Number 7 of 2014 concerning Trade, known as Trade Law, and Law Number 8 of 1999 concerning Consumer Protection or UUPK are used as legal basis by business actors in carrying out trading activities, both offline and online trade. The Trade Law also regulate electronic commerce system where every individual or company that sell goods or services must give clear, complete, and accurate information to consumers (Holili et al., 2024).

Consumer protection law rests on the principle that consumers are subjects of law who have a fundamental right to be protected from exploitative business practices. This protection includes the right to information, the right to product safety, and the right to compensation when suffering losses (Satory, n.d.).

The complexity of the law in marketplace transactions arises from the unique characteristics of digital platforms that are fundamentally different from conventional transactions. In marketplace transactions, there is ambiguity regarding the legal status of the platform whether it is an intermediary or a business actor who is fully responsible for the transaction (Pembayun, 2025).

Indonesia already become part of global e-commerce market. Because buying and selling activities through electronic media or e-commerce often cause many fraud cases that harm consumers, rules are needed to give legal protection for consumers. Legal certainty in

electronic transaction is important to increase consumer trust in online buying and selling activities (Ranto, 2019).

The urgency of this research cannot be overstated, given the escalating health and safety risks faced by Indonesian consumers. BPOM data shows a dramatic increase in illegal product seizures, with 235 illegal and/or dangerous cosmetic items worth more than IDR 8.91 billion discovered across four main regions between October and November 2024 alone. The majority of these products were distributed online through e-commerce platforms, with 69 brands including Lameila, Aichun Beauty, and Tanako targeted for crackdown. Products containing mercury, rhodamin B, hydroquinone, tretinoin, antibiotics, antifungals, and steroids—all prohibited in cosmetics—continue to reach consumers because preventive controls remain inadequate. The lack of clear liability standards for marketplace operators has created what legal scholars term a "rechtvacuum" (legal void) that rogue business actors exploit with minimal legal risk.

The novelty of this research lies in its holistic, multidisciplinary approach that integrates normative legal analysis with business ethics and corporate governance perspectives. Unlike previous studies that have examined these dimensions separately, this research provides an original contribution by demonstrating how legal deficiencies, ethical failures, and governance gaps interact to perpetuate the illegal cosmetics problem. Specifically, this study is among the first to systematically analyze the phenomenon of "false compliance" in Indonesian e-commerce platforms, where marketplace operators adopt safety policies superficially without implementing effective verification mechanisms. Additionally, this research evaluates the effectiveness of existing collaborative frameworks, such as the Memorandum of Understanding between BPOM and the Indonesian E-Commerce Association (IDEA), to identify practical improvements for inter-agency coordination and platform accountability.

Based on the background of the rampant circulation of illegal cosmetics in Indonesia and e-commerce platforms that endanger consumers and weaken the foundation of legal protection, this study was conducted to comprehensively analyze three critical aspects. This study discusses the effectiveness of legal framework in Indonesia for protecting consumers, explain the failure of business ethics and corporate governance in digital platforms, and also conduct normative analysis to confirm legal responsibility of e-commerce platforms and business actors. Through this approach, the research not only aims to map the root causes of regulatory and governance problems, but also formulate strategic recommendations to build a more integrated, responsive, and sustainable consumer protection system in the face of digital trade challenges

RESEARCH METHOD

This research used normative legal research method with qualitative approach to examine regulations, business ethics, and corporate governance issues related to circulation of illegal cosmetics in Indonesia. The study focuses on analyzing legal protection for consumers, ethical responsibility of business actors, and governance system of e-commerce platforms in preventing distribution of cosmetic products that do not comply with regulations.

The research data mostly come from secondary legal materials, including Law Number 8 of 1999 about Consumer Protection, Law Number 36 of 2009 about Health, and Government Regulation Number 80 of 2019 about E-Commerce. This study also uses academic journals, policy documents from BPOM and Ministry of Trade, and several reliable online sources which discuss implementation of regulations and ethical business activities in digital marketplace.

The data analysis utilized a descriptive qualitative method through statutory and conceptual approaches. This involved systematic interpretation and categorization of legal provisions, identification of regulatory gaps, and examination of the alignment between

existing legal frameworks, ethical business principles, and corporate governance standards. The analysis aimed to describe the dynamics between legal enforcement, ethical business conduct, and corporate accountability in creating a safe digital marketplace for cosmetic products.

Ethical considerations were maintained by ensuring the use of credible, publicly accessible sources and maintaining objectivity in analyzing regulatory frameworks and corporate practices. The research acknowledges the importance of consumer protection perspectives while examining the legal and ethical implications of illegal cosmetics distribution through digital platforms.

RESULTS AND DISCUSSION

The Phenomenon of Illegal Cosmetic Circulation in Indonesia

Before the end of 2024, BPOM announced important results from stronger supervision and enforcement operations against distribution of illegal cosmetic products and cosmetics containing dangerous ingredients. From October to November 2024, BPOM managed to find 235 illegal and/or dangerous cosmetic items worth more than IDR 8.91 billion in 4 main regions in Indonesia. The majority of these illegal cosmetics are distributed online through e-commerce. A total of 69 brands including Lameila, Aichun Beauty, and Tanako were targeted for crackdown. In addition, BPOM also found imported cosmetics from China, Korea, Malaysia, and India that contain harmful ingredients such as mercury and rhodamin B, which are prohibited from being used in cosmetic products. Products that contain harmful and/or prohibited ingredients in cosmetics, such as hydroquinone, tretinoin, including medicinal ingredients in the form of antibiotics, antifungals, and steroids were found (BPOM, 2024).

BPOM recorded that there were 947 cosmetic or body care products that were banned from circulation because they contained one or more of 26 harmful ingredients, ranging from mercury, hydroquinone, lead, to retinoic acid. In addition to mercury, hydroquinone is another organic compound that is most often used by illegal skincare manufacturers as a skin whitening ingredient because it can inhibit melanin production. Statista research says that the revenue of the beauty and personal care industry in Indonesia is estimated to reach up to IDR 157 trillion by 2025, with an annual growth predicted of 4.51% (BBC, 2025).

Several factors make the circulation of illegal imported cosmetics containing harmful substances continue to grow until now. First, many people prefer buying cosmetic products through online platforms, and this situation becomes an opportunity for illegal cosmetic sellers to market their products easily. Second, the mindset of society that wants instant results also becomes one of the causes of the widespread sale of cosmetics containing dangerous ingredients. Producers often follow market demand, so when consumers want fast results, some business actors choose to use harmful substances in their products to attract buyers. Third, the lack of public knowledge about cosmetic products (Sembiring & Pratama, 2022).

The majority of illegal cosmetics according to Putri & Imanullah (2023) come from overseas online purchases, this condition shows loopholes in import regulations and distribution supervision processes that require quick handling. E-commerce platforms in Indonesia have not carried out optimal product authenticity verification, as a result of which consumers face difficulties distinguishing between official and illegal products in circulation. This phenomenon develops through easy access to digital transactions as explained by Fauzela

(2023) which emphasizes the characteristics of online shopping in the form of time savings, energy efficiency, and more complete product information, these conditions attract the interest of cosmetic buyers even though the quality of security is not guaranteed (Putri et al., 2025).

Legal Analysis of Consumer Protection against Illegal Cosmetics

Law Number 8 of 1999 was established as Consumer Protection Law. The law explains in Article 1 point 1 that consumer protection is every effort which gives legal certainty to protect consumers. Article 2 states that consumer protection is based on principles of benefit, justice, balance, consumer safety and security, and also legal certainty (Republik Indonesia, 1999).

The Health Law in Indonesia refers to Law Number 17 of 2023 concerning Health which started to apply on August 8, 2023. Article 1 point 17 explains that Natural Ingredient Medicine is material or product coming from natural resources like plants, animals, minerals, body parts, or combination of those ingredients. The ingredients can be traditionally used for long time or already proven scientifically to be safe, useful, and good quality. The use of these products is for keeping health, improving body condition, preventing illness, curing disease, and restoring health based on empirical or scientific proof (Presiden RI, 2023).

Law Number 1 of 2024 is the second revision of Law Number 11 of 2008 about Information and Electronic Transactions. The ITE Law functions as legal regulation to reduce fraudulent business activities in e-commerce platforms. Law Number 11 of 2008, which was amended by Law Number 19 of 2016, regulates many digital activities in Indonesia, including online business transactions. In Article 16A points 2 and 3, the law explains protection in electronic systems (Undang-Undang No. 1 Tahun 2024 tentang Informasi dan Transaksi Elektronik, 2024).

Analysis of Business Ethics in the Circulation of Illegal Cosmetics

The act of misleading and deception by illegal cosmetics industry players is by using advertising. Advertisements that according to their function are a means of communication between business actors who convey their typical messages in the form of persuasive information about goods and/or services, but in reality, not a few of these advertisements actually mislead the public (Amrani, 2016).

Deviant actions in advertising business practices can be seen from false statements made to cheat consumers, misleading information about products, excessive claims without clear facts regarding goods or services, and statements that are not suitable with morality and public ethics (Al-hamid et al., 2024).

The change of consumer lifestyle also makes business actors, from small businesses until large companies, continue to create innovation and sell their products through digital media and online platforms (Hukum et al., 2025).

Until now, Law No. 8 of 1999 concerning UUPK and Regulation of the Minister of Trade No. 50 of 2020 have not explicitly regulated the limits of legal responsibility of e-commerce platforms. This regulatory loophole creates a Recht vacuum, which is often exploited by rogue business actors to trade illegal products with very little legal risk. As a result, consumers not only suffer financial losses, but also face real safety threats (Program Studi et al., 2025).

As a platform manager, organizations are obliged to maintain the security, performance, and continuity of the system while ensuring that the platform continues to function optimally and is protected from cyber threats and unlawful content. They regulate the mechanism of

interaction and transactions, set membership rules, upload content, search, and trade and purchase processes. As technology evolves and the diversity of user activity increases, their responsibilities are broadening, encompassing data protection, transaction security, handling of illegal content, and copyright infringement. Because of their position as intermediaries, they must also balance the interests of consumers, sellers, governments, and communities (Saudira, 2024).

In Ela Aprida Nafliana's research (2023) in her journal, it was found that the handling of influencers who promote illegal cosmetics in the Jurisdiction of the Pekanbaru City Resort Police has not been carried out optimally, namely due to the lack of evidence provided by the victim and it is also difficult to ensnare the perpetrators with articles and laws that have not been specifically for this influencer. Thus, the handling carried out by the Pekanbaru City Resort Police against influencers who promote illegal cosmetics in the Pekanbaru area is currently only in the reporting stage and the case is not completed (Aprida Nafliana, 2023).

The illegal cosmetics trade is easily accessible online, increasing the risk of users. However, awareness of its dangers is still low among consumers. Most people are unaware of the ban on illegal cosmetics and consider online cosmetic products as legal. There is also the view that the implementation of the ban should be stricter to eradicate illegal cosmetics and provide sanctions in accordance with applicable regulations (Marito, 2024).

The national cosmetics industry is one of the business sectors that has growth and promising business prospects. This is reflected in the value of revenue in this industry reaching USD8.09 billion in 2023, and is projected to increase by USD9.17 billion during 2024. The cosmetics industry is estimated to grow at around 4.02 percent per year, with the largest market composition still dominated by the personal care segment (Fajri, 2024).

The principle of buyer protection basically shows that the law is in favor of the interests of consumers as stated in UN Resolution No. 39/248 on Guidelines for Buyer Protection. This protection includes efforts to protect consumers from health and safety risks due to product use, meeting socioeconomic needs, providing easily accessible information to help consumers choose goods according to their needs, and education so that they are able to compare products that have guaranteed safety. In addition, such protection requires an effective compensation mechanism and provides the right for consumers to form groups or communities to express their views in the policy-making process related to consumer interests. The circulation of these illegal cosmetics violates Article 8 paragraph (1) letter e of Law of the Republic of Indonesia Number 8 of 1999, manufacturers are prohibited from producing or selling goods or services that do not meet the quality standards, categories, compositions, processing methods, designs, models, or uses stated on the label or description of the product or service (Norisanti et al., 2020).

Furthermore, the obligations of business actors are also regulated in the Consumer Protection Law. Article 7 explains several duties that must be followed by business actors, such as:

1. Business actors must carry out business activities with good intention and honesty.
2. Business actors must give clear, correct, and honest information about goods and services, including explanation about use, repair, and maintenance.
3. Business actors must treat consumers fairly and not discriminate between consumers.

4. Business actors must ensure that goods or services sold have quality according to applicable standards.
5. Business actors must provide chance for consumers to try or test certain products and also give guarantees for the products sold.
6. Business actors must give compensation or replacement if consumers suffer losses from using goods or services.
7. Business actors must provide compensation if the goods or services received are different from what was agreed before.

In serious cases, the platform provider can also work with law enforcement authorities to take further action. In addition, the platform provider also conducts education and training programs for sellers to understand and respect brand rights to prevent infringement in the future. Thus, platform providers play an important role in creating a safe and fair e-commerce environment for all parties. Online commerce platform providers, or what we commonly call marketplaces, have various methods implemented to identify and deal with goods that are suspected of infringing trademarks or intellectual property rights (Saudira, 2024).

Corporate Governance in Overcoming Illegal Cosmetics

As an intermediary, the marketplace has the task and function to filter and regulate products that are prohibited by law from being traded. In this case, the marketplace is obliged to make provisions applicable in the marketplace platform to educate sellers to realize synergy between BPOM, IDEA, and Marketplace regarding the supervision of sellers who sell on their platform. Furthermore, it was explained that the requirements for drug and food products that are distributed offline also apply to drug and food products that are distributed online through the marketplace. In this case, the marketplace has an obligation to filter sellers who sell medicinal and food products through their platform (Rahardian et al., 2023).

Minister of Health Regulation Number 1176/MENKES/PER/VIII/2010 concerning Cosmetic Notification explains that every cosmetic product circulated in the market must fulfill standards and requirements determined in the regulation. The rules regarding ingredients that are allowed and prohibited in cosmetic products are also regulated clearly in the Regulation of the Head of BPOM Number 18 of 2015 concerning Technical Requirements for Cosmetics. In addition, procedures for submitting cosmetic notifications are regulated in Perka BPOM No. HK.03.1.123.12.10.11983 of 2010 concerning Criteria and Procedures for Cosmetic Notification Submission (Muhlis et al., 2022).

Evaluation of Legal Regulations and Implementation Challenges

Illegal or dangerous cosmetics are products that use ingredients allowed in regulations but the amount is more than the permitted limit, or cosmetics that contain prohibited substances which are not safe for cosmetic use. These products do not follow legal rules and safety standards that have been determined. In many cases, the use of excessive or forbidden ingredients in cosmetic products can give negative effects and danger to consumer health and safety.

Based on Presidential Regulation Number 80 of 2017 concerning the Food and Drug Supervisory Agency, BPOM has the duty to carry out government responsibilities in supervising drugs and food products. This institution works to protect society from circulation and use of drugs, foods, and especially cosmetic products that do not meet standards of quality, safety, and usefulness (Muhlis et al., 2022).

BPOM Serang data in 2022 shows that around 20-30% of cosmetics circulating in traditional and online markets in the Banten area, including Serang City, are illegal products. This fact illustrates the high health risks faced by the community as well as the weak supervision of cosmetic products on the market (Agustina, 2019).

In practice, supervision is carried out through various mechanisms. First, BPOM conducts regular cyber patrols to monitor platforms such as Instagram, TikTok, Shopee, and Tokopedia. BPOM's special team scans seller accounts, verifies distribution permits, and recommends the removal of content or products that violate the rules. In addition to direct supervision, education and technology utilization are also an important part of the surveillance strategy. Consumers are encouraged to use the barcode scanning feature through the BPOM Mobile application to ensure the authenticity of the products purchased. In addition, misleading ads on social media involving celebrities or pseudoscience narratives are a challenge in itself. Overall, the supervision of cosmetic products in the digital market requires synergy between BPOM, e-commerce platforms, business actors, and consumers. Through a combination of cyber patrol, education, technology utilization, and law enforcement, the online commerce ecosystem can become safer and more transparent (Damari & Damayanti, 2025).

The limited capital of small business actors, to register their products with BPOM considering that the cost is not cheap makes small business actors think twice about registering their products with BPOM. As a state body authorized by public authorities to regulate the course of an item in the Indonesian foreign exchange market, it is appropriate for BPOM to transform into an institution that decides whether an item such as cosmetics and drugs or food for this situation is reasonable (feasible) or not to be traded in general. The government is responsible for the implementation of buyer guarantees that guarantee the acquisition of rights and the implementation of customer and entrepreneur commitments. In the details of the article, it is undeniable that the obligation of association which is intended to guarantee the rights of buyers as referred to in Article 4 of the UUPK which shows that management is the duty of a public body which is then handed over to BPOM (Han, 2021).

BPOM faces many difficulties in controlling online stores that sell various cosmetic, food, and medicine products. During the Covid-19 pandemic, illegal cosmetic crimes through e-commerce and online distribution channels increased very quickly. This condition became a major challenge for supervision and law enforcement carried out by PPNS of BPOM. There has been an increase in online sales for illegal drugs and food during the Covid-19 pandemic. In BPOM's cyber patrol supervision in 2019, 24,573 illegal drug and food sales sites were identified. This number increased by almost 100% to 48,058 links during the first semester of 2020. As of November 2020, takedown submissions related to illegal drugs and food as a result of BPOM's cyber patrol were 104,250 sites, an increase of 324% compared to 2019 (24,573 sites), of which 23% were cosmetic commodity sites and 7% were traditional medicine links (Asirah et al., 2023).

One of the major challenges faced by BPOM is the lack of coordination between regulators and e-commerce parties, which allows illegal products to continue circulating on online buying and selling platforms. This shows that despite the existing regulations, supervision of illegal cosmetics is still very limited. In addition, BPOM supervision also involves education to consumers to increase their awareness of the dangers of cosmetics containing mercury. However, consumers' lack of understanding of how to choose safe

cosmetic products and how to recognize products registered by BPOM further exacerbates this situation (Makalan & Khairunnisa, 2024).

In criminal law, an element of fault such as intention or negligence is usually important for giving criminal punishment. However, the concepts of strict liability and vicarious liability show that responsibility can still be imposed on business actors and corporations even if personal fault is not fully proven. This concept is important in health regulation violations, especially in cosmetic industry cases, because protection of consumer safety is the main purpose. Rules about corporate criminal responsibility also make corporations and company managers responsible for violations, showing the importance of compliance with operational standards and product safety obligations. Business actors who sell illegal cosmetics or violate product safety standards can be punished without proving direct intention or negligence. This condition can create deterrent effect and encourage stronger obedience to regulations. Therefore, legal awareness and effective law enforcement are very necessary to protect consumers and prevent abuse in pharmaceutical and cosmetic trade activities (Putri & Hapsari, 2024).

Law enforcement against illegal cosmetics transactions online faces a variety of challenges, including regulatory limitations, the complexity of the internet, and the inability of the legal system to keep up with technological developments. The literature review will discuss these challenges and how they affect the effectiveness of law enforcement. In addition, rapid regulatory adaptation is also an obstacle in presenting this approach as an effective solution. Changes in online transaction patterns and the emergence of new business models require regulations that can adapt quickly. Therefore, the sustainability of the approach to legal positivism in dealing with illegal cosmetic transactions online requires a mechanism that allows regulations to evolve over time (Rohmah, 2024).

The legal position of the Marketplace is only as an intermediary between sellers or buyers where the obligation of the marketplace is to educate its prospective sellers not to sell products that are illegal or prohibited by law through the applicable rules and regulations made in the Shopee platform and educate its consumers through the rules before creating an account on the marketplace platform, and the marketplace can carry out a takedown on BPOM's findings. BPOM and IDEA are working together in the implementation of rules related to the supervision of beauty products without distribution permits that are traded through marketplaces in Indonesia. This cooperation is regulated in Agreement Number: 732/IDEA/BPOM/MOU/MEI/2022. In the agreement, BPOM and IDEA agreed to share information, conduct socialization, and follow up on violations related to the circulation, delivery, promotion, and advertising of the sale of beauty products that do not have a distribution permit.

This collaboration allows BPOM to obtain relevant data and information about products circulating in the marketplace. In addition, IDEA also plays a role in conveying data and recommendations from supervision results to BPOM, which can be used as a basis for necessary follow-ups, such as cancellation of distribution permits or other law enforcement actions (Rahardian et al., 2023).

The Consumer Empowerment Index (IKK) in Indonesia has increased from the level of "understanding" to "capable," giving positive impact not only for consumers but also for product quality and competitiveness. Consumers who better understand their rights will

become more selective and will not easily accept products or services without consideration. The increase of IKK also shows government ability in maintaining public purchasing power. One factor that supports the increase is the implementation of orderly measurement systems in traditional markets which continues to be strengthened by the Ministry of Trade. Existing regulations are considered good enough to support the IKK target reaching 45 in 2019 from 40.41 in 2018. However, stronger implementation and supervision of regulations are still needed so every party can comply with rules, including market order and stock trading activities (Satory et al., 2020).

Table 1. Percentage of compliance with cosmetic supervision requirements by Balai Besar/Balai POM/LokaPOM.

Performance Indicators	Target 2024	Realization 2024	% Achievement	Criteria
Persentase pemenuhan ketentuan pengawasan kosmetik oleh Balai Besar/Balai POM/Loka POM	98	100	102,4	Sangat Baik

Source: Annual Report Bpom, 2024

Based on the table above, it is known that the realization of IK-3 is 97.26% with an achievement of 113.09%. This achievement has met the target, making it fall into the excellent category (BPOM, 2024).

CONCLUSION

The circulation of illegal cosmetics in Indonesia shows the weak protection of consumers in the modern trade ecosystem. Product supervision has not been able to keep up with the dynamics of digital marketing. The marketplace has not implemented an adequate verification mechanism for sellers and products, so that dangerous cosmetics remain easily accessible to the public. Existing regulations have not provided clear standards of responsibility for digital platforms, so prevention efforts still depend on the initiative of each business actor. This condition illustrates the fragility of business ethics and corporate governance practices in sectors that are oriented towards profit and transaction volume. The legal framework governing product safety and consumer protection has not been optimally effective. Norms that regulate health protection, product information, and business actors' obligations have not been fully integrated in electronic trade supervision practices. Marketplaces do not yet have an explicit burden of responsibility for the circulation of illegal goods, so consumers bear the highest risk of health impacts and economic losses. Strengthening consumer protection requires regulatory reform, affirmation of platform operator responsibilities, and the implementation of governance oriented towards transparency and public safety.

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