TRANSPUBLIKA
Precise. Resilience. Felicitous.

Policy, Law, Notary and Regulatory Issues
https://ojs.transpublika.com/index.php/POLRI
Online ISSN 2809-896X

https://doi.org/10.55047/polri.v5i1.2108

Original Article

Indications of Unfair Business Competition in Tiktok's Acquisition of Tokopedia Shares

Pryanka Humaira Febriandhara[1], Sinar Aju Wulandari[2*]

[1,2]Department of Law, Faculty of Law, Universitas Airlangga, Surabaya, Indonesia
Email: [1)] pryanka.humaira.febriandhara-2021@fh.unair.ac.id, [2)] sinar.aju@fh.unair.ac.id

Received: 13 December - 2025
Accepted: 26 January - 2026
Published online: 02 February - 2026

Abstract

The development of digital technology has driven significant transformation in the business world, including the emergence of e-commerce as a new form of trade activity. One of the cases that has arisen as a result of this development is the acquisition of Tokopedia shares by TikTok. This acquisition is considered to indicate potential unfair business competition. This research aims to analyze whether the acquisition of Tokopedia shares by TikTok shows signs of unfair business competition and whether there have been legal measures taken by the Indonesian Competition Commission (KPPU) in response. The research employs a statute approach, a case study, and a conceptual approach. The results of the study indicate that there are signs of unfair business competition in the acquisition of Tokopedia by TikTok. KPPU has also carried out its supervisory function by conducting an assessment and issuing a conditional approval as part of its efforts to maintain fair business competition.

Keywords: Acquisition, Competition Law, E-commerce, KPPU.

1. Introduction

E-commerce, or electronic commerce, is the buying and selling of goods and services via the internet, accessible via a computer, smartphone, tablet, or other smart device. It has made almost any product or service available online, transforming the way businesses are run by many companies and industries; particularly helping small businesses with limited reach a wider market through cheaper and more efficient sales and distribution channels (Gloor, 2012). Although the concept of e-commerce dates back to the 1960s through Electronic Data Interchange (EDI), the first online transaction occurred in 1994 when a person purchased a CD through the retail site NetMarket (Shajeney, 2025). This then fueled the rapid growth of the industry with the emergence of global giants such as Alibaba and Amazon, while innovations such as free shipping services have further increased the popularity of e-commerce by reducing the cost burden on consumers (Jelassi & Martínez-López, 2020).

E-commerce offers several advantages, including: a) Lower Operational Costs: Since e-commerce operates online, businesses do not need to maintain a physical store. This eliminates expenses such as building rent or store electricity bills, significantly reducing operational costs. The saved funds can be allocated to other business needs; b) Increased Sales Margins: Digital products such as apps or e-books incur no additional production costs, even when sold in large quantities. Additionally, e-commerce transactions typically involve minimal extra fees, allowing sellers to maximize profits; c) Access to a Wider Market: E-commerce enables businesses to reach anyone worldwide with internet access, opening opportunities to tap into global markets. Furthermore, convenient shipping services and secure payment methods facilitate international deliveries and acceptance of foreign currency payments; d) Convenience for Buyers: Online stores are accessible 24 hours a day, allowing

Copyright: © 2026 by the authors.
This is an open access article distributed under the terms and conditions of the CC BY 4.0.

customers to shop anytime without visiting a physical store. This convenience enhances customer satisfaction and encourages repeat purchases. The disadvantages of e-commerce include: a) Limited service: Consumers cannot physically examine products before purchasing. Although online chat features between buyers and sellers are available, they are still less effective than in-person interaction; b) Reduced buyer satisfaction: Online shopping requires buyers to wait for product delivery. Even though same-day delivery options are now available, they usually come at a higher cost compared to standard shipping; c) Product mismatch: Product images may not always accurately represent the actual item. Purchases made through e-commerce can be disappointing if the received product does not meet the buyer's expectations; d) Dependence on technology: If an e-commerce site experiences technical issues or temporary shutdowns, business transactions on the platform may be halted until the problems are resolved; e) Increased competition: Although operating costs in e-commerce are generally lower, this also makes it easier for new competitors to enter the market, thereby intensifying competition.

PT Tokopedia is a leading e-commerce company in Indonesia founded on February 6, 2009, by William Tanuwijaya and Leontinus Alpha Edison, and introduced to the public on August 17, 2009 (Novendra, 2022). Starting from concerns about infrastructure inequality in Indonesia as an archipelagic country with 17 thousand islands, Tokopedia is present with a mission to realize digital economic equality through a marketplace platform that allows everyone, anywhere, to sell and buy various products (Fradesa et al., 2022). In its 13-year journey, Tokopedia has not only become one of the most popular marketplaces in Indonesia with more than 100 million monthly active users and coverage of up to 99% of sub-districts, but also actively supports the growth of Micro, Small, and Medium Enterprises (MSMEs) (Tayibnapis, 2021). The company continues to innovate by launching various services such as financial technology in 2016 which includes digital wallets, credit, and investment, as well as products (Omarini, 2018) such as TokoCabang for logistics distribution and Tokopedia Salam for halal product needs in 2019, in line with its commitment to building an inclusive and sustainable digital ecosystem.

According to Law Number 40 of 2007 concerning Limited Liability Companies, the definition of an acquisition is "a takeover is a legal act carried out by a legal entity or individual to acquire shares in a company, resulting in a transfer of control over the company". Article 126 paragraph (1) of Law Number 40 of 2007 explains the interests that must be considered when conducting a merger, amalgamation, or takeover, namely: the company, minority shareholders, and employees; creditors and other business partners of the company; and the public and fair competition in conducting business. Article 28 of Law Number 5 of 1999 explains the prohibitions applicable to business actors who intend to merge or amalgamate business entities or acquire shares (Putra, 2013), namely: Business actors are prohibited from merging or amalgamating business entities that could result in monopolistic practices and/or unfair business competition; Business actors are prohibited from acquiring shares in other companies if such actions could result in monopolistic practices or unfair business competition; Further provisions regarding prohibited mergers or amalgamations of business entities, and provisions regarding the acquisition of company shares as, are regulated in Government Regulations. Article 29 of Law Number 5 of 1999 explains the requirements that must be met when conducting a merger, amalgamation, or acquisition of shares (Ate et al., 2025), namely: Any merger or amalgamation of business entities, or acquisition of shares, as referred to in Article 28, which results in the asset value or sales value exceeding a certain amount, must be notified to the Commission no later than 30 (thirty) days from the date of the merger, amalgamation, or acquisition; Provisions regarding the determination of the asset

value and/or sales value, as well as the procedures for the merger date, are regulated in a Government Regulation. According to conventional economics, a monopoly occurs when a single seller dominates a market without competition. According to Article 1 of Law No. 5 of 1999, a monopoly is the control of the production or marketing of goods and services by a single business actor or business group. Meanwhile, monopolistic practices, as regulated in Article 1 number 2, are the concentration of economic power by one or more business actors who control production or marketing, resulting in unfair business competition and harming the public interest.

A business actor is reasonably suspected of controlling the production and marketing of goods or services if: The goods or services in question have no substitutes; This may make it difficult for other business actors to compete in the same goods and services sector; Market domination by one party, either a single business actor or a group of business actors, with control of more than 50% of the market share for a particular type of goods or services. The Business Competition Supervisory Commission (KPPU) was established under Law Number 5 of 1999 as a quasi-judicial institution tasked with overseeing business competition to prevent monopolistic practices and unfair competition, and is authorized to handle violation cases by imposing administrative sanctions, although criminal sanctions remain under the authority of the District Court. Recently, concerns have arisen regarding alleged monopolistic practices in the acquisition of Tokopedia by TikTok, especially due to the revival of TikTok Shop which now operates under the Tokopedia interface, thus raising questions about market dominance and violations of fair business competition, considering that TikTok plays a dual role as an e-commerce and social media platform (Parmitasari, 2024). Based on this phenomenon, further legal studies are needed to examine legal certainty and assess whether the acquisition truly has the potential to create a monopoly and unfair business competition, which was then raised in the study entitled "Indications of Unfair Business Competition in the Acquisition of Tokopedia Shares by Tiktok".

2. Literature Review

Business competition is a crucial component of a country's economy. This competition can influence various policies, such as a conducive business climate, trade, business opportunities, industry, the public interest, and so on. According to economists, competition in the market can encourage businesses to innovate and create diverse products at competitive prices. Furthermore, it can provide benefits for both producers and consumers. Competition is expected to allocate resources efficiently and according to their intended use, while improving public welfare (Lubis et al., 2017).

Competition regulations in Indonesia are not solely aimed at protecting competition for the sake of competition itself. Therefore, the provisions of Article 3 of Law Number 5 of 1999 are not limited to the primary objective of competition legislation, which is to create a free and fair competition system. This system ensures equal opportunities for all business actors and prevents agreements or mergers that could hinder competition and abuse economic power, thereby providing all business actors with broad opportunities in economic activities (Margono, 2018). According to Article 1 number 5 of Law Number 5 of 1999, the definition of a business actor is: A business actor is any individual or business entity, whether in the form of a legal entity or not a legal entity, which is established and domiciled or carries out activities within the legal territory of the Republic of Indonesia, either alone or together through an agreement, carrying out various business activities in the economic sector. According to Law Number 8 of 1999 concerning Consumer Protection, the definition of a consumer is: Every

person who uses goods and/or services available in society, whether for the benefit of themselves, their family, other people, or other living creatures and not for trading. In the explanation of Article 1, number 2 of Law Number 8 of 1999 concerning Consumer Protection, two types of consumers are described: end consumers and intermediate consumers. End consumers are the final users of a product. Intermediate consumers are consumers who use a product as part of the manufacturing process for another product (Handajani et al., 2006).

3. Methods

This study uses normative legal research methods with a statute approach, a case study approach, and a conceptual approach to analyze legal issues related to the acquisition of Tokopedia by TikTok in the context of fair business competition. The statutory approach is used to examine relevant legal provisions, the case study approach to analyze similar cases and the impact of acquisitions, and the conceptual approach to examine developing legal doctrines and theories. Legal sources consist of primary materials, such as Law Number 5 of 1999 concerning the Prohibition of Monopolistic Practices, the Limited Liability Company Law, Government Regulations and KPPU Regulations regarding mergers and takeovers, as well as secondary materials in the form of journals, articles, theses, and other legal literature that support the understanding of the primary materials. Data collection was conducted through library research, followed by in-depth identification and analysis of relevant legal materials to provide a comprehensive picture of legal certainty and indications of unfair business competition in the acquisition.

4. Results and Discussion

4.1. TikTok Acquisition of Tokopedia Shares

TikTok, initially known as a popular social media platform in Indonesia since 2020, entered the world of e-commerce by launching TikTok Shop in September 2021, a feature that allows users to make purchases directly within the application without having to leave the platform, thus creating a digital ecosystem that combines social media and marketplaces. Although legally this step does not violate the Minister of Trade Regulation Number 50 of 2020 which does not prohibit social media platforms from facilitating electronic transactions, the presence of TikTok Shop sparked controversy because it was considered to cause unfair business competition, especially by selling cheap goods that were difficult for MSME traders and sellers in traditional markets such as Tanah Abang Market, which experienced a drastic decline in turnover. Many local traders complained of a lack of buyers, even getting only one buyer a day, so the Minister of Trade considered banning TikTok Shop, considering that social media platforms should not function as marketplaces that could harm small businesses.

In mid-2023, the Government of the Republic of Indonesia issued Minister of Trade Regulation Number 31 of 2023 as an improvement to Minister of Trade Regulation Number 50 of 2020, which regulates trading activities on social media platforms such as TikTok Shop. This regulation covers five important points: first, the separation of functions between social media and e-commerce, so that platforms are not allowed to provide direct buying and selling transaction services within the application; second, a prohibition on e-commerce platforms from selling their own products, so that they only act as facilitators; third, the obligation for sellers to have a business license and meet product quality standards; fourth, the establishment of a minimum price limit for imported products to protect local products from

unfair competition; and fifth, the obligation for e-commerce platforms to use local data centers to ensure the security and privacy of consumer data in Indonesia.

The TikTok Shop feature, which allows direct transactions within the application, once made TikTok a strong competitor in the Indonesian e-commerce world, even though the platform did not have an official permit as an e-commerce provider, so the government took firm action by stopping its operations based on the Minister of Trade Regulation Number 31 of 2023, which requires the separation of social media and e-commerce platforms; as a form of compliance, TikTok officially closed the TikTok Shop service on October 4, 2023. However, on December 11, 2023, TikTok and Tokopedia announced a strategic partnership with the acquisition of 75% of Tokopedia shares by TikTok for approximately 23 to 23.4 trillion rupiah, making TikTok the controlling shareholder. Through this collaboration, TikTok Shop officially transformed into Tokopedia Shop, with all e-commerce operations fully managed by Tokopedia, so that TikTok is no longer directly involved in digital transactions in Indonesia, in line with applicable regulations, while simultaneously encouraging the growth of the digital economy, empowering MSMEs, creating jobs, and ensuring fair business competition in the e-commerce sector.

TikTok's acquisition of Tokopedia shares complies with relevant legal requirements, including Article 21 of Minister of Trade Regulation No. 31 of 2023, which requires the separation of social media and e-commerce platforms. Therefore, the transformation of TikTok Shop into Tokopedia Shop, fully managed by Tokopedia, is a legal compliance measure. Furthermore, the acquisition process complies with Article 125 of Law No. 40 of 2007 concerning Limited Liability Companies, which stipulates that share acquisitions must be legally conducted through a resolution of the General Meeting of Shareholders (GMS) if conducted by a company. This includes the preparation of a takeover plan containing key aspects such as the rationale for the acquisition, financial statements, share conversion, funding readiness, and amendments to the articles of association. In this case, TikTok's acquisition of 75.05% of Tokopedia shares, valued at approximately IDR 38.2 billion, was carried out through an agreement signed on December 10, 2023, and completed in January 2024, with a structure that meets the legal requirements for a direct takeover from shareholders.

In addition, this acquisition is included in the category of transactions that must be reported (notified) to the Business Competition Supervisory Commission (KPPU) because the value of the assets and sales involved exceeds the established financial threshold, namely assets of more than IDR 2.5 trillion or sales of more than IDR 5 trillion based on Article 5 of Government Regulation Number 57 of 2010 and Article 2 of KPPU Regulation Number 3 of 2019. Considering the large value of the transaction and its impact on the market structure, the related parties are required to submit a notification to the KPPU no later than 30 working days since the acquisition is legally valid according to Article 29 of Law Number 5 of 1999. This strategic partnership not only aims to comply with regulations, but also to encourage the growth of the digital economy, empower MSMEs, and create jobs, while ensuring the sustainability of healthy business competition in the Indonesian e-commerce sector.

Article 29 of Law Number 5 of 1999 and Article 5 of Government Regulation Number 57 of 2010 stipulate that notification of merger, amalgamation, or takeover must be submitted to the KPPU no later than 30 working days from the transaction's legal effectiveness, while Article 10 of the PP allows business actors to conduct voluntary consultations with the KPPU before submitting a notification, so that the KPPU's supervision of the transaction is carried out through two mechanisms, namely notification and consultation. In the case of the acquisition of Tokopedia shares by TikTok which was legally effective on January 31, 2024,

the deadline for submitting the notification fell on March 19, 2024; although the KPPU received the notification on that date, the notification was not submitted directly by TikTok as the acquiring party, so the KPPU through a Commission Meeting on August 7, 2024, canceled it because it did not meet the requirements. Due to TikTok not submitting a re-notification by the deadline, the KPPU has the authority to open an investigation based on Article 46 of KPPU Regulation Number 3 of 2023, which was then followed up with a first hearing on July 22, 2025 regarding the alleged delay in notification for 88 working days, which is suspected of violating applicable legal provisions.

If a company does not report an acquisition to the KPPU or is late in reporting it, the company may be subject to sanctions in the form of fines in accordance with the provisions of Article 29 of Law Number 5 of 1999. Based on Government Regulation Number 57 of 2010, every merger, consolidation, or acquisition that meets certain requirements is required to submit a notification to the KPPU within 30 working days from the time the transaction becomes effective, and failure to fulfill this obligation will result in the imposition of administrative sanctions by the KPPU.

Market structure is a crucial element in assessing the level of business competition, which consists of several types, ranging from monopoly to perfect competition. A monopoly occurs when one firm control 40% to 99% of the market, while a duopoly involves two dominant firms. A strong oligopoly forms when four firms control more than 60% of the market, while a weak oligopoly occurs when less than 40%. Monopolistic competition is characterized by many firms with little market power, while the most competitive structure is perfect competition, where many firms operate without dominance. In industry analysis, Porter's Five Forces model is used to assess the level of competition through five aspects: the threat of new entrants, the threat of substitute products, the bargaining power of buyers and suppliers, and the intensity of rivalry between competitors.

In the case of TikTok's acquisition of Tokopedia, KPPU investigators found a significant increase in market concentration based on the Herfindahl-Hirschman Index (HHI) calculation due to the merger of two major players in the physical goods e-commerce sector. Although no explicit barriers to entry, such as market access restrictions, were found, strong network effects were present. This effect has the potential to be exploited to implement tying (service binding) and bundling (package sales) strategies, which can be detrimental to consumers and other businesses, particularly MSMEs. Barriers to market entry stem not only from high costs but also from factors such as regulation, intellectual property rights, minimum efficiency of scale, and consumer switching costs.

The KPPU also identified potential anti-competitive behavior post-acquisition, particularly unilateral impacts, namely the possibility of the merged entity unilaterally raising prices due to market dominance. Furthermore, although not a primary focus, coordinated impacts also need to be monitored, where large business actors may implicitly or explicitly engage in collusion, such as price agreements or territorial divisions. This assessment is conducted to ensure that the merger does not undermine healthy competition dynamics, which are essential for consumer protection and the sustainability of a fair market.

In response, KPPU investigators proposed conditional approval to mitigate the risks of monopoly and unfair competition. These requirements include consumer freedom to choose payment and logistics methods without tying or bundling, a prohibition on abuse of dominant positions such as predatory pricing and self-preferencing, and the freedom for TikTok users to promote products from other e-commerce platforms. Furthermore, the KPPU requires quarterly reporting for two years, submission of a list of logistics and payment partners, and related agreement documents. The goal is to ensure transparency and compliance, so that the

efficiency of the acquisition does not compromise the balance of business competition in Indonesia's digital market.

4.2. The Concept of Competition Law

Business competition is an important aspect in maintaining a country's economy because it has a direct impact on the stability of the business climate, trade, industry, efficiency, and public welfare, where business competition law not only protects business actors, but primarily ensures the continuity of the competitive process by preventing restraints that can hinder or harm the market, both in the private and public sectors. Its main objectives, as stipulated in Article 3 of Law Number 5 of 1999, are to safeguard the public interest, increase national economic efficiency, create a fair business climate for large, medium, and small businesses, and prevent monopolistic practices and unfair competition. In Knud Hansen's view of market economics, a healthy market system depends on the decentralization of production decisions, where many business actors independently determine the goods and services offered, thus creating unpredictable demand and supply dynamics, which actually serve as a natural balancing mechanism for the market and prevent the accumulation of planning errors that can disrupt economic function.

Herbert Hovenkamp stated that perfect competition occurs when all companies sell the same product and no one is able to influence the quantity of goods in the market simply by reducing their production, because the shortage will be immediately offset by other producers. Meanwhile, Philip Areeda defines it as an ideal market condition where all business actors have equal opportunities, information is clearly available, and no party can monopolize. A market is considered truly competitive if: (1) the number of sellers and buyers is so large that no one is able to influence prices and there is no collusion; (2) consumers are free to choose products with clear price information; (3) producers know the best prices and production materials for efficiency; and (4) all producers have unhindered market access.

A perfectly competitive market, characterized by numerous sellers and buyers and similar products, can be supported by the presence of e-commerce that encourages business actors to continuously improve the quality of products and services and reduce prices to make them more affordable for consumers. Within the framework of competition law in Indonesia, specifically based on Law Number 5 of 1999, two main legal approaches are applied, namely Rule of Reason and Per se Illegal, to assess whether an action or agreement has the potential to violate anti-monopoly provisions. Article 17 of the Law prohibits control of production and unfair competition practices, with the Rule of Reason approach emphasizing the evaluation of an action's impact on competition, not just its form. This approach, as explained by Thomas E. Sullivan, allows courts to interpret the law comprehensively by considering various economic and market factors, as applied in the United States, to assess whether a trade barrier interferes with the competitive process; if it is proven to be a significant obstacle, then legal action can be taken to maintain fairness and balance in the market.

4.3. Tokopedia Seller Migration Policy to TikTok

Bytedance, as the new owner of Tokopedia, required all sellers to migrate to an integrated system called Tokopedia & TikTok Shop Seller Center, which came into effect on June 9, 2025, with the aim of simplifying store management through a single dashboard while expanding access to more than 200 million users and 8 million content creators in Indonesia. However, this policy drew protests from many sellers who considered the new system complicated daily operations and did not align with differences in consumer behavior, where Tokopedia is known for planned buyers, while TikTok tends to encourage impulse purchases. Although TikTok emphasized that sellers remain free to choose their platform, are not

required to create video content, and the 3% transaction fee only applies to sales through TikTok Shop, Tokopedia began limiting features for sellers who have not migrated, such as not being able to add new products or place ads, to encourage adoption of the new system, which is considered more efficient in the long term, despite presenting challenges during the transition period. Article 19 paragraph (1) of Law Number 5 of 1999 explains that "business actors are prohibited from engaging in one or more activities, either individually or in collaboration with other business actors, that could result in monopolistic practices or unfair business competition, including: a. refusing and/or preventing certain business actors from conducting the same activities in the relevant market; or b. preventing consumers or customers of competing business actors from engaging in business relations with those competing business actors; or c. restricting the distribution and/or sale of goods and/or services in the relevant market; or d. engaging in monopolistic practices against certain business actors".

TikTok's policy of limiting features on Tokopedia for sellers who have not yet migrated to Tokopedia & TikTok Shop Seller Center is considered a form of discrimination and an indication of unfair business competition. This action is considered to force sellers to migrate by limiting their ability to add new products, thereby harming business owners who want to continue selling on Tokopedia independently. As a result, sellers feel they have no other options, potentially impeding their freedom of business and leading to unequal market share.

4.4. Indications of Unfair Business Practices in TikTok's Acquisition of Tokopedia Shares

TikTok Shop was launched in Indonesia on April 17, 2021, as a social media and e-commerce integration feature that allows businesses to promote their products through short videos and live broadcasts. This feature significantly benefits MSMEs and content creators through an endorsement system, and makes it easier for consumers to access and purchase products directly from the app's homepage. TikTok Shop's advantage lies in its lower product prices compared to other e-commerce platforms, allowing it to quickly dominate the market. However, its presence has raised concerns among local MSMEs, who feel threatened by competition from cheaper imported goods. Finally, on October 4, 2023, TikTok Shop was officially shut down for violating e-commerce regulations, particularly the prohibition on social commerce facilitating direct payment transactions without authorization.

On January 30 and 31, 2024, TikTok completed its acquisition of Tokopedia shares, making Tokopedia part of the TikTok ecosystem. As a form of compliance with competition law, TikTok submitted notifications to the KPPU (Commission for Compliance and Compliance with the Indonesian Competition Commission) on March 13 and 19, 2024, in accordance with the obligation stipulated in Article 29 of Law Number 5 of 1999, which requires reporting within 30 business days of the effective date of the transaction. The KPPU then held a hearing with TikTok to hear the company's commitment to maintaining fair business competition, supporting MSMEs, and preventing the sale of illegally imported goods. TikTok emphasized that it would implement fair pricing, protect consumers, and not create market barriers.

The KPPU emphasized that its assessment of the acquisition would be conducted independently and objectively, despite TikTok's positive commitments. The public is also encouraged to monitor and report any indications of unfair business competition practices post-acquisition. The KPPU's merger and acquisition oversight process consists of two mechanisms: pre-notification (voluntary consultation) and post-notification (mandatory reporting). Although the pre-notification assessment is non-binding, input from the KPPU can

mitigate the risk of legal violations. The post-notification assessment is key in assessing the potential for monopoly or market dominance that harms competition.

In its assessment process, the KPPU uses various analyses, including market concentration, barriers to market entry, potential anti-competitive behavior, efficiency, and bankruptcy, as stipulated in KPPU Regulation Number 3 of 2019. Under certain circumstances, the KPPU may also consider other aspects such as MSME protection, innovation development, and the impact on the workforce. Acquisitions, while encouraging efficiency and business expansion, have the potential to create market dominance that is detrimental to competing businesses, consumers, and the broader business ecosystem. Therefore, strict oversight is necessary to ensure that acquisitions do not eliminate healthy competitive dynamics.

A clear example of the negative impact of acquisitions occurred in the case of Grab, which acquired Uber in Southeast Asia in 2018, including in Singapore. The Competition and Consumer Commission of Singapore (CCCS) found that the acquisition significantly reduced competition, with Grab controlling 80% of the market and raising fares and changing driver incentive policies. Consequently, the CCCS imposed a fine of SG$13 million (IDR 141.6 billion) and ordered Grab to terminate its exclusive agreement and maintain its pre-acquisition fare structure. This case serves as a warning that post-acquisition market dominance can be detrimental to consumers and businesses. Thus, TikTok's acquisition of Tokopedia requires a thorough review to prevent a repeat of the same pattern and to maintain a fair and healthy business climate in Indonesia.

4.5. KPPU's Efforts Against TikTok's Acquisition of Tokopedia Shares

The KPPU (Commission for the Competition and Development of Indonesia) analyzed TikTok's acquisition of Tokopedia shares, considering several key aspects based on Article 3 paragraph (3) of KPPU Regulation Number 3 of 2019. One of the main aspects assessed was market concentration, which is an early indicator for identifying potential monopolies or unfair business competition. In this case, KPPU investigators found a significant increase in market concentration based on the Herfindahl-Hirschman Index (HHI), which measures the level of concentration within a market. This increase occurred due to the merger of two large business players operating in the e-commerce sector in Indonesia, potentially shifting the market structure from an oligopoly to dominance by a single entity.

In addition to market concentration, the KPPU also assessed barriers to market entry. While no direct access restrictions for new business players were found, investigators noted a very strong network effect resulting from the integration of TikTok and Tokopedia. This network effect has the potential to be exploited to implement marketing strategies such as tying (tying the purchase of one product with another) and bundling (selling product packages), which can hinder competition and harm other businesses, particularly MSMEs. This type of strategy can create indirect barriers that strengthen the dominant position of the acquired company, even though the market remains technically open.

The KPPU also identified the potential for anti-competitive behavior, particularly unilateral impacts. This impact arises when the acquired entity becomes overly dominant and has the incentive to unilaterally raise prices without fear of losing customers. In this case, the assessment indicated the potential for post-acquisition price increases due to the strong position held by the combined TikTok and Tokopedia. Furthermore, although there are no strong indications of coordinated impacts, such as price agreements between business actors, the KPPU continues to consider the possibility of implicit collusion in increasingly concentrated markets, especially if the industry structure supports coordinated behavior. Regarding efficiency, the KPPU considers the potential benefits of the acquisition, such as

allocative and productive efficiency, while still prioritizing protection of business competition. If the negative impacts on competition outweigh the efficiency benefits, then the interests of a healthy market must prevail. Meanwhile, bankruptcy arguments can also be submitted by business actors, but in this case, they are not the primary focus because Tokopedia is not insolvent, and therefore, an acquisition is not considered the sole solution to prevent bankruptcy.

Based on a comprehensive assessment, KPPU investigators proposed a number of conditional agreements that TikTok and Tokopedia must comply with. These agreements include a ban on tying and bundling practices, a guarantee of a choice of payment and logistics methods, and the freedom for TikTok account holders to promote products from other e-commerce platforms. Furthermore, TikTok and Tokopedia are prohibited from discriminating against sellers, raising prices unreasonably, or restricting access for MSMEs. To ensure compliance, the KPPU requires quarterly reporting for two years, including a list of logistics partners, payments, and related agreement documents.

However, this oversight process also faces challenges related to late notification. The KPPU held its first hearing on July 22, 2025, regarding an alleged 88-day delay in notification. The acquisition was legally effective on January 31, 2024, so the notification deadline was March 19, 2024. Although the notification was received on that date, the KPPU (Commission for Complaints and Investigation) canceled it because it was not submitted directly by TikTok as the acquirer. By the deadline, TikTok had not submitted a re-notification, giving the KPPU the authority to investigate under Article 46 of KPPU Regulation Number 3 of 2023.

Based on this authority, the KPPU can impose administrative sanctions if violations are found, in accordance with Article 47 of Law Number 5 of 1999. These sanctions include an order to cease activities detrimental to competition, cancellation of the acquisition, or a fine of between IDR 1 billion and IDR 25 billion. A follow-up hearing is scheduled to obtain further information from TikTok and Tokopedia regarding the rejection of some of the proposed conditions, which will determine whether the acquisition can proceed with strict supervision or must be canceled to maintain fair competition in the Indonesian digital market.

4.6. TikTok's Delayed Notification of Acquisition

On July 22, 2025, the KPPU held its first hearing into the alleged delay in notification of TikTok's acquisition of Tokopedia. KPPU investigators alleged that TikTok was 88 working days late in submitting the notification, violating Article 29 of Law No. 5 of 1999. The acquisition, which was legally effective on January 31, 2024, should have been accompanied by notification no later than March 19, 2024. Although the notification was received on that date, the KPPU canceled it on August 7, 2024, because it was not submitted directly by TikTok as the acquiring party, and by the deadline, TikTok had not submitted a re-notification.

Due to the delay in notification, the KPPU is authorized to conduct an investigation as explained in Article 46 paragraph (1) of KPPU Regulation Number 3 of 2023, which states "The Commission is authorized to investigate alleged delays in notification of a merger, amalgamation, or acquisition of shares and/or assets, in the following cases: a. The Business Actor fails to submit a notification and the 30 (thirty) day period from the legally effective date has elapsed; or b. The Business Actor submits a notification but the 30 (thirty) day period from the legally effective date has elapsed". If violations are later discovered in TikTok's acquisition of Tokopedia, the KPPU may impose administrative sanctions on TikTok and Tokopedia, as described in Article 47 paragraph (2) of Law Number 5 of 1999, which reads "The administrative actions referred to in paragraph (1) may include: a. A decision to cancel the agreement as referred to in Articles 4 through. b. An order to the business actor to cease vertical integration as referred to in Article 14; and/or. c. An order to the business actor to

cease activities proven to give rise to monopolistic practices and/or unfair business competition and/or harm the public; and/or. d. An order to the business actor to cease abuse of a dominant position; and/or. e. A decision to cancel the merger or amalgamation of business entities and the acquisition of shares as referred to in Article 28; and/or. f. The minimum fine is Rp. 1,000,000,000.00 (one billion rupiah) and the maximum is Rp. 25,000,000,000.00 (twenty-five billion rupiah)".

5. Conclusion

There are indications of unfair business competition in the acquisition of Tokopedia shares by TikTok, one of which is through the restriction of features on the Tokopedia platform for sellers who have not migrated to the integrated TikTok Shop system, which is considered a discriminatory practice against business actors who want to continue selling independently on Tokopedia this action is contrary to Article 19 of Law No. 5 of 1999 concerning the prohibition of abuse of dominant position. In addition, TikTok is suspected of violating Article 29 of the Law because it was late in submitting an acquisition notification to the KPPU for 88 working days after the effective date of the takeover on January 31, 2024. In response, the KPPU has held a direct meeting with TikTok to ensure its commitment to fair competition and empowerment of MSMEs, and conducted a comprehensive assessment based on Article 28 paragraph (2) of KPPU Regulation Number 3 of 2023 which resulted in the determination of conditional approval to prevent monopolistic practices and unfair competition. At the same time, the KPPU is also carrying out a follow-up examination process into the alleged delay in notification in accordance with Article 46 paragraph (1) of the same KPPU Regulation.

6. References

Ate, Y. T., Nggala, K., Susanti, A. V., Goma, M. E. E., & Sogen, M. M. L. (2025). Aspek Hukum dan Regulasi dalam Penggabungan Usaha (Merger dan Akuisisi). *Journal of Comprehensive Science (JCS)*, *4*(1).

Fradesa, F., Abadi, S. P., Maani, B., Hardi, E. A., & Sucipto, S. (2022). Fitur Shopee Barokah dan Tokopedia Salam: Inovasi Marketplace Halal Sebagai Upaya Pengembangan Ekonomi Digital Berbasis Syariah. *Jurnal Ilmiah Ekonomi Islam*, *8*(3), 2893–2902.

Gloor, P. (2012). *Making the e-business transformation*. Springer Science & Business Media.

Handajani, S., Imron, G. Al, & Ariadi, B. S. (2006). *Buku Ajar Hukum Perlindungan Konsumen*. Fakultas Hukum Universitas Airlangga.

Jelassi, T., & Martínez-López, F. J. (2020). The strategic approach of the world's biggest e-Tailing companies: Amazon and Alibaba. In *Strategies for e-Business: Concepts and Cases on Value Creation and Digital Business Transformation* (pp. 467–500). Springer.

Lubis, A. F., Anggraini, A. M. T., Kurnia, K., Toha, B., Hawin, M., Sirait, N. N., Prananingtyas, P., Maarif, S., & Silalahi, U. (2017). *Hukum persaingan usaha: buku teks*. Komisi Pengawas Persaingan Usaha RI.

Margono, S. (2018). *Hukum Anti Monopoli*. Bumi Aksara.

Novendra, C. S. (2022). *Analysis of William Tanuwijaya Leadership Style as a CEO of Tokopedia*. https://www.researchgate.net/publication/361420924_Analysis_of_William_Tanuwijaya_Leadership_Style_as_a_CEO_of_Tokopedia

Omarini, A. E. (2018). Fintech and the future of the payment landscape: the mobile wallet ecosystem. A challenge for retail banks? *International Journal of Financial Research*, *9*(4), 97–116.

Parmitasari, I. (2024). Potential Abuse of Dominant Position By Tiktok Shop Post Acquisition With Tokopedia. *Journal of Private and Commercial Law*, *1*(2), 255–279. https://doi.org/JPCOL.vol1.iss2.art6

Putra, T. A. (2013). *Batasan Asset Dan Omzet Dalam Suatu Merger Yang Di Larang Oleh Undang-Undang Nomor 5 Tahun 1999*. Universitas Islam Indonesia.

Shajeney, U. (2025). *Internship Report on "Supply Chain & Customer Services at Yellow Mart E-Commerce."* United International University (UIU). http://dspace.uiu.ac.bd/handle/52243/3160

Tayibnapis, A. Z. (2021). *Studi Kasus Kebangkitan UMKM Di Indonesia*. Universitas Surabaya. https://repository.ubaya.ac.id/38778/