Legitimacy Of Establishing Right Of Return Without Reason In Indonesian E-Commerce From The Perspective Of Behavioral Economics

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Abstract: With the increasing protection of consumer rights, the system of right of return without reason has been regarded as an important methode of consumer protection by more and more countries. Due to the conflict with the principle of freedom of contract, the system of right of return without reason has always been disputed in the theoretical circles. Behavioral economics provides a new perspective for the theoretical study of the right of return without reason. It puts forward the bounded rationality theory on the basis of criticizing the basic assumption of the "Homo Economicus / Economic Man" in classical economics. The bounded rationality theory explains the conflict between the right of return without reason and the freedom of contract principle, and is also an important basis for the right of return without reason. The main research method in the article is the literature research method. Under the circumstance that current Indonesian law does not have right of return without reason, this article will provide a theoretical basis for the right of return without reason in Indonesian law system.

Index Terms: Right of Return without Reason, E-commerce, Behavioral Ecomonics.

1. INTRODUCTION

With growth of technology, people's consumption power, consumption habits, and consumption patterns have undergone extraordinary changes. New shopping methods like TV shopping, telephone shopping, online shopping, and consumer credit are gradually replacing traditional shopping methods. The rapid development of these new shopping models not only brings consumers more choices, but also makes it easier for consumers to make impulsive consumption. Sometimes this urge even escalates to compulsive buying, and even leads to addictive repeat purchases [1]. Persuasion of business operators will also make consumers make wrong decisions. The rapid development of shopping methods has not weakened the disadvantaged position of consumers in traditional commerce, on the contrary, the disparity in strength between business operators and consumers has grown. For remote transactions, the virtuality, interactivity, freedom, and global nature of network make it difficult for consumers to obtain real information required by transaction in a timely and accurate manner. Therefore, some countries have introduced new laws and regulations to strengthen protection of consumer rights under the new transaction model. Among them, right of return without reason as important right of consumers has received widespread attention from legal circles in various countries. Of course, right of return without reason has been controversial since its birth. The focal point of debate among scholars from various countries is that right of return without reason violates principle of freedom of contract and principle of pacta sunt servanda in civil law, also destroying the theoretical foundations of traditional civil law. This renders the right of return without reason having no theoretical basis for legality since it emerged. However, right of return without reason can force business operators to improve quality of goods provided, especially in e-commerce field, which greatly encourages e-commerce technology development, namely what consumers see is what consumers get. According to Professor Johannes Gunawan, consumer protection law expert from Indonesia, for legal protection in Indonesia for consumers after a transaction in Indonesia can be implemented through the District Court or outside the court by the Consumer Dispute Resolution Agency based on choices of the the disputing parties [2]. This requires many social resources. The right of return without reason can turn public law relief into private law relief, that is, consumers can resolve transaction disputes through private law without a decision from the court or consumer association. This will greatly save distribution and efficiency of social resources. However, as Southeast Asia's largest economy, Indonesia has not made any legal provisions regarding the right of return without reason. In addition to Indonesian government's protection of free competition in the existing market economy and Indonesia's unique cultural factors, a more important reason is that in Indonesian legal system, there is currently no legal basis that can support right of return without reason. According to provisions of Article 1458 of Indonesian Civil Law: “The sale and purchase is deemed to have occurred between the two parties, as soon as the people have reached an agreement on the item and its price, even though the goods have not been delivered and the price has not been paid.” That is to say, in Indonesia, the sales contract is established when the buyer agrees to purchase the goods, and neither party can revoke the purchase and sales contract alone, including consumers. Compared to overseas, Indonesian research on right of return without reason is still at early stages, and theoretical results are still relatively limited. If Indonesian government wants to incorporate right of return without reason into Indonesian legal system in the future, it must resolve legitimacy issue of right of return without reason, because legitimacy issue is primary issue to be resolved in construction of the legal system.

From perspective of civil law and economic law, research on legitimacy of right of return without reason mainly covers four aspects, namely: consumer protection teleology, reflecting the actual freedom of contract, contract complexity, and barriers to consumer intention [3]. Jaap Hijma from Netherlands believes that that the reason for establishing the right of return without reason is very clear, that is, to protect consumers; because consumers are a weak group; because consumers are weak in obtaining information and have weak resistance to salesperson [4]. Basak Bak from Turkey believes that right of

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return without reason can help consumers recheck the economic significance and value of contract after hurriedly signing the contract. Therefore, it goes against the pacta sunt servanda principle, but also protects the true freedom of consumer contracts [5]. Jiang Bai from China believes that legitimacy of the regulation on right of return without reason is not because "the consumers are weak" or "protecting the consumers", but because consumers' intention to sign a sales contract is hindered [6]. However, evolvement of civil law and economic law cannot be separated from the growth and changes of the commodity economy, as well as emergence and evolvement of legal system cannot be separated from the social economy. Therefore, some scholars turn to other perspectives to develop new research methods, through behavioral economics based on reflection on the maximum utility hypothesis, to research various factors that influence consumers' decision-making, thereby improving the interpretation and prediction of real problems. Herbert Simon from America believes that ability to think objectively will limit human's rational cognitive abilities influenced by complexity and uncertainty of the environment, information asymmetry, and limited human cognitive abilities. Therefore, the criteria for community decision making are looking for satisfactory results (maximizing satisfaction) rather than optimal results (maximizing utility) [7]. Horst Eidenmüller from Germany believes that apart from reasons of information asymmetry, the legal system that provides consumers with the right of return without reason also covers two main reasons for endogenous distorted preferences and consumer exogenous distorted preferences [8]. Therefore, from the perspective of behavioral economics, we can also draw conclusions about the necessity and legality of establishing regulations on the right of return without reason in Indonesia. "Homo economicus" hypothesis is the foundation of western economic theory, that everyone who carries out economic activity aims to maximize economic utility. However, the "homo economicus" theory assumes that theory cannot effectively explain and predict certain practical problems in most instances. It can be argued that behavioral economics provides a new perspective for the study of right of return without reason. Based on rational "homo economicus" premise of traditional civil law theory, this article uses the theoretical results of behavioral economics to demonstrate the legitimacy of right of return without reason from a limited rationality perspective. Because of the above discussion, the author hopes this article can provide new ideas for Indonesian legal researchers to study right of return without reason, and to provide rational theoretical basis for Indonesia's future construction of the regulation on right of return without reason. This article will analyze basis of justifying right of return without reason from behavioral economics perspective. These aspects will be analyzed based on foreign laws and regulations regarding right of return without reason, the basic principles of civil law and theoretical results of behavioral economics.

2. RESULTS AND DISCUSSIONS

Right of return without reason, also known as consumers' right of withdrawal, refers to the consumers' right to return the purchased goods in a certain form without any reason and invalidate the sales contract. Right of return without reason has following characteristics: (1) only applies to sale and purchase contracts; (2) is a legal right; (3) without any reason to return the goods; (4) the effect is invalidating status of the sales contract.

2.1 Conflict between Right of return without reason and Principle of Freedom of Contract.

The regulation of right of return without reason is always accompanied by uncertainty and doubt from theories of civil law in its development and expansion process, because the regulation of right of return without reason has destroyed the theoretical foundations of private law, namely freedom of contract and pacta sunt servanda. Even German law is questioned as a deviation from principle of equality in constitution stipulated in Article 3 paragraph 1 "Grundgesetz für die Bundesrepublik Deutschland (Basic Law for the Federal Republic of Germany)". The right to return for goods without reason has always been the target of criticism of legal doctrine and legal policy, and this criticism did not disappear even after the system was integrated into the "Bürgerliches Gesetzbuch (German Civil Code)" through the reforms "Gesetz Zur Modernisierung Des Schuldrechts (Law Modernization of the German Bond Law) "in 2001 [9].

2.1.1 Right of return without reason and Principle of Freedom of Contract.

Principle of freedom of contract is the inevitable result and core content of autonomy as one of three basic principles of modern private law. Freedom of contract is the right enjoyed by the parties, recognized by legal regulations, and according to parties' own will, to pursue and realize the parties' legal effects through contracts. According to Professor Bernadette M. Waluyo, civil law expert from Indonesia, freedom of contract implies existence of five types of freedom, namely: (1) Freedom for parties to make or not to make agreement. (2) Freedom to determine with whom the parties will enter into an agreement. (3) Freedom for the parties to determine form of agreement. (4) Freedom for the parties to determine contents of agreement. (5) Freedom for the parties to determine how the agreement is made. [10]. Professor Huixing Liang from China believes that according to principle of freedom of contract, a free contract is equivalent to the law, and the parties must strictly adhere to contract, that is, contract must be strictly adhered to, which is embodiment of formal justice. Judges also have to judge contract cases according to terms of contract. As for interests of the parties, whether one party uses its dominant position or the other's urgent needs or lack of experience when signing contract, or whether social and economic conditions during contract performance have undergone fundamental changes need not be considered [11]. To put it simply, principle of freedom of contract requires that parties must exercise their rights and obligations strictly in keeping with contract. No matter what changes occur after contract is concluded, it will not affect validity of contract. Either party cannot be exempted from a legally established contract without the consent of the other party. In keeping with Jurisprudence of Indonesian Supreme Court Number 4/Yur/Pdt/2018, the unilateral termination of contract is considered an act against the law [12]. Professor Abdulkadir Muhammad from Indonesia believes that unilaterally canceling the legally made agreement violates principle of freedom of contract, which is basis of Article 1338 of the Indonesian Criminal Code [13]. Each party that will cancel the contract must go through special legal provisions and have sufficient justification. For instance, in a sales contract, if the product has hidden defects, the buyer can choose between two possibilities according to Article 1507 of the Indonesian Civil Law, namely: (1) the buyer cancels the purchase by returning the item and demanding a refund or, (2) the buyer retains the item while demanding a partial refund as determined by the court [14]. Therefore, the main purpose of principle of freedom of contract is to protect transactions and trusts, and to provide contracts with future effectiveness. However, the regulation regarding right of return without reason is contrary to principle of freedom of contract. Based on regulations regarding right of return without reason, after the sales contract is stipulated, the consumer can enjoy right to return the goods unilaterally without explaining any reason, so that sales contract is canceled and consumers are free from influence of binding contract. The right given to consumers by legislators clearly deviate from principle of pacta sunt servanda, which is embedded principle of autonomy and principle of freedom of contract in private law. And principle of pacta sunt servanda is basis of traditional civil law theory. Therefore, to regulate right of return without reason, it is actually difficult to get legitimate basis from the existing system of civil law theory.

2.1.2 The Premise of Principle of Freedom of Contract - "Homo Economicus".

Principle of freedom of contract was founded during the era of free competition in capitalism, based on philosophy of humanism, classical liberalism economic theory, and classical natural law theory. The rational "homo economicus" is the basic hypothesis of classical economics and the basic premise of the theoretical analysis of principle of freedom of contract. Traditional private law theory is also founded on above basis. The "homo economicus" hypothesis originated from Adam Smith's formula "The Wealth of Nations" published in 1776. After that, Vilfredo Pareto from Italy introduced concept of "homo economicus" into economics. Adam Smith believed: "As every individual, therefore, endeavors as much as he can both to employ his capital in the support of domestic industry, and so to direct that industry that its produce may be of the greatest value; every individual necessarily labor to render the annual revenue of the society as great as he can. He generally, indeed, neither intends to promote the public interest, nor knows how much he is promoting it [15]." According to the "homo economicus" hypothesis, "homo economicus" has three characteristics: unbounded rationality, unbounded willpower, and unbounded selfishness. The two "unbounded" front serve the last "unbounded". Economic agents have complete and organized preferences, comprehensive information, and excellent computing and memory capabilities. Economic agents will compare costs and benefits of various possible action plans and select the action plan with the biggest net benefit [16]. According to classical economic theory, the "homo economicus" hypothesis also contains two other premises, namely "complete information" and "perfect competition". It is usually believed that rational "homo economicus", complete information, and perfect competition are together the three basic assumptions of classical economics. There is "invisible hand" which can automatically adjust supply and demand in order to buyers and sellers can get what they want in a perfectly competitive market. The economic subjects fully understand all kinds of information on market and fully understand quality and price of goods. No economic agent will buy at a price higher than price on market, nor will anyone sell at a price lower than price on market. Under the rational "homo economicus" hypothesis, principle of autonomy and principle of freedom of contract have been demonstrated. Autonomy and freedom of contract have become inevitable requirements of a fully informed rational "homo economicus" in the perfectly competitive market. Principle of autonomy implements the premise of unbounded rationality, and even implements the premise of unbounded willpower, because only humans with unbounded rationality and unbounded willpower can exercise this autonomy [17]. However, no matter what is unbounded rationality, complete information, or perfect competition, these are just ideal hypotheses.

2.2 Challenges of the Behavioral Economics Theory against Principle of Freedom of Contract.

The innate character of "homo economicus" hypothesis is to abstract the "human", and the purpose is to abstract the micro-human characteristics for economic analysis needs, interpretation and derivation, also to analyze human decisions and behavior based on above abstraction. But the abstraction basically treats humans not as "humans" but as purely "economic animals". Obviously, there is actually no such "animal". Behavioral economics' critique of classical economics is based on above assumption.

2.2.1 Behavioral Economics' Criticism of the "Homo Economicus".

Behavioral economics was developed under the advocacy of Herbert Simon. In 1974, Simon made a systematic critique of "homo economicus" hypothesis in classical economics, and advanced "bounded rationality" concept. In the 1970s, Amos Tversky and Daniel Kahneman from America absorbed the latest research in the fields of experimental psychology and cognitive psychology to combine psychology and economics. Tversky and Kahneman reconstruct a rational choice model in mainstream Western economics (especially neoclassical economics), as well as form a real "School of Behavioral Economics". Behavioral economics believes that human nature has inherently emotional, irrational, and values-guiding elements. The elements themselves are not such "rational", so that economic activities are not such "rational" [18]. Richard Thaler and Sendhil Mullainathan summarize the criticism and development of rational choice in behavioral economics into three points, namely: bounded rationality, bounded willpower, and bounded selfishness [19].

2.2.1.1 Bounded Rationality.

Classical economics believes that economic behavior that everyone takes is attempt to obtain the largest economic benefit at the lowest economic cost. However, behavioral economics research shows that in many cases, economic agents do not always pursue maximization, nor can they always achieve maximization. Behavioral economics breaks through the "homo economicus" hypothesis and supports "bounded rationality" as basis for analysis. Behavioral economics believes that bounded rationality of human behavior is mainly reflected in two aspects: (1) The actual judgmental behavior in decision-making process shows a systematic deviation from the unbiased predictions concluded by rational expectations, that is, bounded rationality may lead to misjudgment. "Heuristics" and "Biases" change the final decision of economic agents by influencing the probabilistic judgment of economic agents in the upcoming day. Heuristics in particular include representative heuristics, availability heuristics. Biases include availability bias, projection bias, optimism bias, etc. (2) Human decision making deviates from the expected utility theory in rational choice theory. Framing effect, sunk cost, and endowment effect all have impact on human decision-making, and making human decision-making behavior sometimes incompatible with maximization goal [20].

2.2.1.2 Bounded Willpower.

According to rational choice theory, economic agents have unbounded willpower, have clear understanding of economic agents' own utility function, and can make economic agents meet maximization requirements. Behavioral economics believes that although economic agents know the best in real life, but economic agents will not adopt them for their own reasons sometimes [21]. That is to say, choices made cannot always be consistent with maximizing economic agents' overall utility. Behavioral economics analyzes three factors that lead to bounded willpower of economic agents: (1) Habits, traditions, and addictions, such as addiction to certain goods or activities that lead to dependence on economic agents, or shopping on a large scale under the urge of advertising. (2) Cravings, such as greed for money. (3) Multiple selves, including "bad" self and "good" self, “young” self and “old” self [22]. These three types of factors make the economic agents unable to control the entirety of economic agents' own utility effectively, unable to rank various utility purposes, and ultimately making decisions to deviate from the utility maximization trajectory [23].

2.2.1.3 Bounded Selfishness.

Rational choice theory believes that human beings in economy and law are entirely selfish. The behavioral economics research results believe that in economic activities and legal activities, apart from bounded rationality and bounded willpower, economic agents will also show bounded selfishness. Research by scholars such as Gary Becker has shown that individual decision making is not only driven by material interests, but is also influenced by other factors such as social norms and ethics; not only pursuing self-interest, but also pursuing things other than self-interest, such as "justice", "social recognition", etc. In essence, process of economic decision-making carries considerable weight between non-material and non-economic motives [24]. The best way to use behavioral economics to prove bounded selfishness is the ultimatum game. In one experiment, two subjects were asked to split 100 dollars. Two subjects of the lottery, the winner of the lottery, namely the first party determines method of distribution of money. And the loser, namely the second party, decides whether to accept the distribution method of money submitted by the first party. If the second party decides to accept it, 100 dollars will be distributed according to method submitted by the first party. If the second party refuses, the two parties will not get the money. It is very clear that rationality requires the first party to get 99 dollars, leaving the second party only 1 dollar, and the second party should also receive 1 dollar, because it is better than getting nothing. However, repeated experiments show that above rational behavior mentioned never occurs. The first party tends to leave the second party with a 30-50% share.

2.2.2 Challenges of the Bounded Rationality to Principle of Freedom of Contract.

Behavioral economics has established the three "bounded" theoretical foundations (bounded rationality, bounded willpower, and bounded selfishness) under criticism of three "unbounded" theoretical premises (unbounded rationality, unbounded willpower, and unbounded selfishness) of classical economics. This has had major impact on theoretical construction of related fields, including traditional civil law theory. The rational "homo economicus" premise in traditional civil law theory, as well as principle of autonomy, and principle of freedom of contract established on above basis should be reviewed and revised. The rational "homo economicus" is the theoretical starting point of private law. Whether an individual in private law can achieve autonomy of will depends entirely on whether economic agent is fully rational. Theory of "irrational man" characterized by three "bounded" shows that real humans are not strong and wise humans in traditional economics, but humans who are weak and inadvisable. Humans do not demand complete autonomy of will, but need the government as parents to intervene and guide their behavior. By this means, private-law attribute and principle of autonomy of civil law will be challenged [25]. Some experts have proposed that behavioral economics provides opportunity for fundamental changes to traditional civil law theory, replaces principle of autonomy adhered to by traditional civil law theory with asymmetric paternalism, and breaks down the fallacies of civil law theory and private law that are inconsistent with facts. This is inevitable choice for future civil law theories [26]. However, behavioral economics critique of "homo economicus" hypothesis does not equal the complete rejection and subversion of classical economic theories and traditional private law. Traditional economics still has irreplaceable theoretical and practical significance.

2.3 Basic for Right of Return without Reason - Bounded Rationality.

Right of return without reason is specific application of asymmetric paternalism in field of consumer protection. The system of right of return without reason appears to contradict principle of autonomy, principle of freedom of contract, and principle of pacta sunt servanda, which are basis of traditional civil law theory. But basically right of return without reason is major amendment to the flawed theory of traditional civil law, and right of return without reason is the protection that government as parents gives to weak and inadvisable irrational consumers. Judging from the laws on right of return without reason in most countries and regions, application of regulations regarding right of return without reason is mainly based on following two situations, namely: (1) Based on bounded rationality of consumers, like door-to-door transactions , timeshare product transactions, consumer credit. (2) Based on incomplete information obtained by consumers, like remote transactions, life insurance, remote financial services. Of course, phenomenon of bounded consumer rationality and incomplete information is ubiquitous. However, not all areas need to intervene through regulations on right of return without reason, because introduction of any system requires financial resources. Regulations on right of return without reason only apply to areas where consumers have bounded rationality and incomplete information. Since behavioral economics is a discipline that uses theory and research methods of experimental psychology and cognitive psychology to analyze influence of psychological factors on decision-making, behavioral economics does not use two other basic classical economic hypotheses, namely "complete information" and "perfect competition". Therefore, analysis of right of return without reason from a behavioral economic perspective is limited to a situation of bounded consumer rationality.

2.3.1 Availability Bias.

Availability bias means that humans rely more on up-to-date information when making decisions, which often results in people being unable to fully see problems. For example, after seeing some news about plane crash, people will mistakenly believe that probability of plane crash is extremely high. But according to research data, probability of an air accident occurring is only one in 4.7 million [27]. In e-commerce transactions, the time-limited discount activities of e-commerce operators can easily lead consumers who demand to make immediate decisions into availability bias. Meanwhile, due to advertising and other consumers' evaluations of products, consumers tend to make one-sided judgments and unfavorable decisions due to excessive emphasis on information they have recently obtained. And if the online transaction volume of products is large in near future, consumers will also fall into an availability bias, believing that the product must be worth buying, but consumers do not understand that this transaction volume may be obtained through false transactions. To avoid these situations, most developed countries and regions have stipulated right of return without reason in remote transactions including e-commerce transactions, such as America, the European Union, Member Countries of European Union, Australia, Japan, etc. For example, "German Civil Code" stipulates that for remote transaction contracts, and timeshare contracts, consumers have right to return goods for two weeks [28].

2.3.2 Projection Bias.

Projection bias refers to fact that humans tend to underestimate effects of changes in their state, and apply current emotional states to the future, thereby incorrectly predicting future preferences, leading to systematic bias in environment of dynamic selection. Professor Matthew Rabin from America believes that humans often underestimate impact of humans' own behavior and exogenous variables on future utility, thus exaggerating the similarity of future preferences and current preferences, and the resulting projection bias [29]. For example, consumers buy expensive goods impulsively under the excessive publicity of e-commerce operators, but consumers do not clear whether they will really need them in upcoming day. Therefore, going through a compulsory "cooling-off stage" of right of return without reason when making decisions helps consumers to escape influence of short-term preferences on the future.

2.3.3 Endowment Effect.

The endowment effect means that individual's evaluation of value of goods individual owns is much greater than the evaluation of value of same goods individual does not own. Richard Thaler from America originally proposed this concept. This theory believes that amount of decreased utility caused by a loss is greater than amount of increase in utility caused by same gain [30]. In other words, the pain of losing one hundred dollars is greater than the happiness of getting one hundred dollars. According to theoretical analysis of endowment effect, balance of human interests and losses in the decision-making process is uneven, and the consideration of "avoiding losses" is far greater than "pursuing profit". To reduce pain of losing money, economic agents often demand excessive prices when selling goods. A large amount of data suggests that endowment effect is more pronounced in used goods trading market. Several American scholars have found through research on multiple data sets that car dealerships offer used cars to be significantly higher than actual average prices, while consumers pay average of 996 (nine hundred and ninety-six) dollars more for used cars [31]. Above phenomenon is also common in used motorcycle transactions in Indonesia. Indonesia is a big motorcycle country. Total motorcycles in Indonesia in 2020 has reached almost 1.5 million [32]. Lots of second-hand motorcycle transactions are sold through OLX, Facebook, Tokopedia and other websites, and the pricing of second-hand motorcycles in e-commerce is generally higher than actual value. In view of above situation, several countries and regions have started to grant right of return without reason in used car transactions to protect consumers. Of course this also includes the consideration of information asymmetry in used car transactions. For example, in "Motor Car Traders Act" in Victoria, Australia, consumers have right to return the goods without reason within 3 (three) working days after signing the used car transaction contract [33].

2.3.4 Optimism Bias.

Humans tend to believe that they are more likely to go through positive events, while other people are more likely to go through negative events. This phenomenon is called optimism bias or unrealistic optimism. The first empirical study on optimism bias is Neil Weinstein from America. The optimism bias makes people tend to think that they will not be harmed or that misfortune will always befall others, so there is no necessary for preventive behavior. Optimism bias can lead to consumers' behavior such as excessive consumption and irrational lending [34]. Many platforms in Indonesia such as Shoppee and Tokopedia have launched interest-free installment shopping services. In this case, because the buying behavior becomes very simple, consumers are often too optimistic about their economic situation and underestimate the economic pressure they will face. Such consumers usually regret easily after purchasing goods, or fall into the predicament of unable to pay back their loans in upcoming days. In fact, this view was proposed since 1891 in Heck's legislative proposal. Heck believes that in installment purchase, consumers can be persuaded to buy goods that are not essential and exceed their wealth capacity. The reason is that future obligations are often underestimated compared with current enjoyment. Unfortunately, German legislators did not adopt this proposal at that time. To prevent consumers from becoming overly optimistic and lacking rational thinking in consumption, many countries have granted consumers right of return without reason in form of consumer credit, and giving consumers a certain period to calm and reconsider their behavior. European Union issued a directive on consumption credit in 1986, which clearly establishes right of return without reason [35]. In addition, most developed countries like Germany, UK, United States, Japan and Australia have similar regulations as well.

2.3.5 Representativeness Heuristic.

Representative heuristics refers to tendency that humans often distinguish objects that are observed according to characteristics described, and are often influenced by specific characteristics of these objects in assessment process. For instance, when people see someone in beautiful clothes, people may think that he/she is a civilized and rich person. But, when people see someone in tattered clothes, people may think that he/she is vulgar and poor. In short, humans often judge people by their appearance. Representativeness heuristic is more obvious in e-commerce shopping. Consumers are often blinded by appearances and make wrong decisions in face of long-term, high-frequency leading advertising on shopping websites. Moreover, when an online shop is beautifully designed and the office photos displayed are very gorgeous, consumers will think that the e-commerce operator must be very powerful and credible company. This type of representativeness heuristic will make consumers quickly trust the e-commerce operator and make decision easier to purchase goods from the website. In summary, behavioral economics theories indeed prove that right of return without reason in e-commerce has its legitimacy and rationality. In Indonesian e-commerce, giving consumers right of return without reason has positive effect.

3 CONCLUSION

Indonesia's e-commerce industry does not yet have complete laws to regulate, resulting in uneven product quality. If above phenomenon is not stopped, it will undoubtedly hinder development of healthy Indonesian economy and increase the people's living standard. The cultural characteristics and legal atmosphere of Indonesia dictates that Indonesian consumers are often afraid to choose legal approach to defend consumers' rights, and often choose to remain silent in case of loss. Right of return without reason allows consumers to quickly protect their rights through private legal assistance, while forcing business operators to improve products quality. More importantly, right of return without reason can calm consumers and avoid impulsive consumption and excessive consumption that can cause the consumers' own financial situation and even consumers' family to be difficult. This could greatly stabilize Indonesia's social situation. Therefore, right of return without reason needs to be added to Indonesian consumer protection legal system. Establishing the legitimacy of right of return without reason is prerequisite for incorporating right of return without reason into the Indonesian legal system. As can be seen from the article, behavioral economics provides a unique perspective for analyzing and demonstrating the regulation of right of return without reason. It replaces the rational "homo economicus" hypothesis in traditional economics with the "irrational man" hypothesis, which has become important theoretical basis for research on legitimacy of right of return without reason, and explains the root of conflict between right of return without reason and principle of freedom of contract. Problem of conflict between right of return without reason and principle of freedom of contract lies in flaw in principle of freedom of contract. According to Roscoe Pound: "Law as a tool of social engineering." E-commerce is a growing industry, and many old civil law regulations and principles have not adapted or even begun to hinder development of e-commerce. Law should be used as "social engineering" to suit needs of social development. Indonesia's current legal system can no longer adapt to changing consumption environment. Therefore, the Indonesian government should consider granting right of return without reason to consumers in electronic commerce transactions. Of course, behavioral economics only studies human microscopic behavior from a psychological perspective and analyzes influence of psychological factors on decision-making. It cannot explain all of economic phenomena and social phenomena; also sometimes, it cannot even explain a single phenomenon independently. Therefore, behavioral economics has limitations as important theoretical basis for studying the regulations of right of return without reason, and needs other theories to supplement it.

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