The Effects of Digital Transformation In The Covid-19 Era Towards Elements of An Agreement

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ABSTRACT
The development of Indonesia's digital transformation has a high potential for success due to the Indonesian people themselves possessing great interest in adapting to use of digital innovations. In promoting the development of information technology, the government, authorized institutions, companies and all parties involved must be aware of the rapidity with which access is expanded, as well as the accessibility of infrastructure and experts, to prevent disparities in information technology development among regions. Digital transformation is often used to facilitate the process of delivering information and communication between many parties so that the progress of a business, activity or plan can run more quickly. However, there are certain forms of development that can create high-risk legal relationships which generate controversy. Research on these models needs to be further undertaken to avoid contingencies, and the results will be discussed in this scientific paper. The method used in this research is normative based legal research. The research concluded that agreements are carried out after digital transformation is influenced by the subjects involved and related. It is essential for them to agree on how their agreement is made and will be performed as well as its substance. Good faith remains the foundation of the parties' commitment to achieve what they have agreed to. Subjects who act as users must comply with the terms of the agreement in entirety as the initial promisors, both on a practical level and in the "delivery" model, which is perilous for the subject who is the user.

Introduction
Data from the International Telecommunication Union (ITU) shows that the number of Internet users is increasing day by day (Figure 1). ITU revealed that around 4.6 billion people or 59% of the world's population use the internet in 2020. This is an increase of 11% when compared to internet users in 2019, which is around 4.1 billion people or 54% of the world's population. ITU estimated that around 4.9 billion people or 63% of the world's population were using the internet during 2021.
The data displayed above shows how people on a global scale are gradually adapting more and more to using the internet, hence becoming increasingly familiar with products, services and offers in the digital world. This behavior isn’t a surprise considering the increase of digitalized practices in day-to-day activities and not to mention for the past few years, the world had been greatly affected by the Covid-19 pandemic. Many processes, tasks, and actions were pressed to evolve digitally which leads us to witness various transformations up until this post-pandemic era.

When observed from a legal perspective, there are adaptations that need to be made by individuals who are active in the field of law. Digitalization has an impact on the internal side in the field of law itself (changes to rules/legal products), namely how the law regulates, supervises, and adjudicates what happens in the surrounding environment, as well as on the external side or the implementation of law, for example, how a court can be conducted online.

However, the speed of digitalization often exceeds the rate of adaptation that takes place in the legal world. As a result, discrepancies are sometimes born between what is regulated by law and the phenomena that happens in the present time. In other words, legislators with the help of legal observers, legal experts and other legal professions have attempted to formulate legal regulations as a concrete form of das sollen. Das sollen is the hypothetical situation of what should be done. The regulations that are formed are from and for the reality of events in the public domain. Thus, the regulations are structured so that concrete events that occur do not interfere with each other's (the legal subjects’)

Figure 1.
Data on Amount of Individuals using the Internet worldwide in 2005 – 2021

Source: International Telecommunication Union.

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interests. Taking this into account, the existence of legal regulations functions so that das sein can align as consistent as possible with das sollen.

In fact, digitalization influences sollen-sein by continuously transforming human behavior and actions. The existence of technological developments and various activities that enter and develop themselves in the digital world shows that there is a difference between the das sein of today and the das sein of the past. The disparity between the two different eras will cause potential changes in the level of effectiveness of applicable legal regulations or das sollen. What was practical and efficient to protect each other's interests in the past may need to be modified now so that practicality and efficiency are maintained. Moreover, the characteristics of law combined with legal information technology can modify existing regulations into new models, e.g. self-regulation and co-regulation.

In the context of this research, the researchers want to focus on how an agreement is altered by digitalization. How an agreement is made, where when both parties involved agree an agreement will appear, as well as the offers that appear, will be discussed in a more comprehensive manner. Digitalization shows that there is a development in the way, method, or formula to reach the word “agreement” in this digital era, especially with all the technological innovations that are born.

Based on the background above, the researchers are interested in conducting research and discussing “The Effects of Digital Transformation in the Covid-19 Era towards Elements of an Agreement”.

Research methods

The method used in this research is normative legal research. Normative legal research, also known as literature research or doctrinal research. This method views law as principles, norms, laws and regulations, court decisions, agreements, and doctrines. This research adapts a descriptive-analytic framework. Hence, it is carried out by: (1) finding and describing the legal issues raised; (2) processing data and analyzing problems; and (3) concluding the analysis. The approaches used to support this research are: (a) statutory (regulation) approach, particularly the Civil Code of the Republic of Indonesia; (b) conceptual approach (concepts in doctrine), especially regarding digital, digital age; and (c) a case approach (implementation of norms), namely looking at the implementation of digital transformation. The sources of legal materials used are: (a) primary legal materials in the form of laws and regulations and (b) secondary legal materials in the form of legal literature, books, articles, journals and internet media.

Results and Discussions

A. The Development of Information and Communication Technology in Indonesia

The data shown by the Central Bureau of Statistics of Indonesia (Badan Pusat Statistik Indonesia) (Figure 2 and Figure 3) reveal how Indonesia has progressed in the field of information and communication technology. Further analysis of the three sub-indexes which are indicators of the information and communication technology development index (IP-TIK) reveals that the use of information technology has grown the most rapidly with an increase of 0.49. This shows that public interest in the use of information technology is rising, thus the potential for digital transformation also broadens.

However, there are aspects that can hinder the digital transformation process, namely the development of access and infrastructure as well as experts available...
specifically to handle the field of information technology. Data from the Central Bureau of Statistics of Indonesia (Badan Pusat Statistik Indonesia) shows how the expansion of information technology access and infrastructure from 2019 to 2020 has increased by 0.14. In addition, from the skill parameter, there was only an increase of 0.08. From the information that has been presented, we can conclude that inadequate access, infrastructure and skills can become obstacles for Indonesian people who have high interest in using digital services. A simple example that we can find in the public domain, especially in terms of access and infrastructure, is how there was a 3G to 4G/LTE network upgrade program so that the removal of 3G networks was started by cellular telecommunications operator companies in Indonesia, such as Telkomsel and Indosat. This shows the development of signal coverage and internet network. Therefore, fulfilling the digital needs of the Indonesian people is highly dependent on the available infrastructure.

The development of Indonesia's digital transformation has a high potential for success due to the Indonesian people themselves have an interest in adapting to using digital services such as the aforementioned. However, in promoting the development of information technology, the government, authorized institutions, companies and all parties involved need to pay attention to the speed of expansion of access and available infrastructure and experts because if people's interests cannot be accommodated with adequate facilities then there will be disparities between the development of information technology in between each region in Indonesia. The existence of a digital gap between Indonesian people will cause obstacles in advancing other fields and activities as well, such as banking, purchasing and selling/trade, employment (both technical and non-technical roles), and research.

![Figure 2. Data on Information and Communication Technology Development Index (IP-TIK) in 2019](image1)

![Figure 3. Data on Information and Communication Technology Development Index (IP-TIK) in 2020](image2)

Source: Central Bureau of Statistics of Indonesia (Badan Pusat Statistik Indonesia)
B. Perceptions in Digital Transformation

There have been four major revolutions in the history of mankind, namely mechanization, mass production, automation, and connectivity/cyber physical systems. These revolutions have shaped our communities, civilizations, and industries. Currently in this post-pandemic era, we are transitioning into the next human revolution, the fifth which regards to mass customization/cyber physical cognitive products (Figure 4).

![INDUSTRY 5.0 – Mass Customization of Customer Experience through Digital Transformation](image)

**Figure 4.**
The Stages of Industrial Development, Industry 1.0 - 5.0 (2018)

Source: Sheetal Bansal, LinkedIn.

Regardless of whether of which stage we are in, the digital revolution has developed tremendously, e.g. digital banking and value web. Companies in the world such as Ant Financial, China Alibaba are designing the desire to build a global financial inclusion program that will have an impact on inclusiveness increasing productivity.

The aforementioned form of digitalization can produce a major transformation of democratic human life in the future, both in terms of offering value and exchanging value. Changes to the new value system will have a broad and real time impact connected one by one between human relations at the same time through mobile networks. Connectedness provides opportunities for everyone technologically, for instance in speaking, transacting and trading widely without boundaries, which can be called digitalization of humanity.

The widespread use of data by public and private actors puts the protection of personal information under strain. It is no surprise that the information society has placed a greater emphasis on the protection of free expression, privacy, and personal data. Correspondingly, this brings digital constitutionalism and private governance into the picture. Both of the aforementioned ideas exist in the post-pandemic era as a product of digitalized systems.
1. Digital Constitutionalism

According to Suzor, the concept of digital constitutionalism is to reassess how the exercise of power can be limited and lawful in the digital age. In a democratic society, safeguarding citizens’ privacy allows them to form their beliefs, freely discuss opinions, and express their identities. Individuals must be able to control their identity and how their personal information is used in order to foster autonomy.

According to Vincent Mosco, entitled Marx in the Age of Digital Capitalism, there are two perspectives on the digital world, namely (1) the democratic-deliberative public sphere and (2) the digital realm as the object of management and control of global digital companies as well as state intelligence agencies. First, in a digitalized public space, the involvement of the state is limited, only in terms of supporting open access to information for everyone. Regulation exists in stages, namely local, national and international in a centralized and decentralized manner. Second, there is market power with commodities related to the process of facilitating, producing, managing, and using the internet. All of these processes are controlled by digital technology companies with transnational networks.

Looking deeper towards the focal point between the democratic-deliberative and digital realm, it’s the domain in which a country can step in and impact a nation, particularly the countries that exhibit active dynamics. The meeting of minds and shared experiences act as a “societal glue” which is fundamental to fulfill the public element of democracy. A democratic-deliberative model derives from the public discourse expressing their aspirations towards existing policies which need to be taken into account by the national government. The digital realm meanwhile is the current area which the country must understand and focus on. Subsequently, the ruling authorities are obligated to develop legal frameworks which ensure legal certainty (digital constitutionalism).

Individuals tend to adapt their behaviours to a new societal form of surveillance or fear to express themselves, and new information asymmetries do not allow individuals to understand what is happening behind the scenes. Consequently, an objective that is highly suggested to be adapted as a national interest/goal is to improve the harmony of circulating information and considerations by discussing with various related parties. The rapid growth of digitalization has allowed digitalized products to become an instrument of societal control leading many cyber gaps vulnerable towards conflict. Hence, a democratic legal system, managed by the government, that is transparent and able to reduce the friction that occurs due to the disruption of digitalization, especially post-pandemic, would aim to a positive digital transformation ensuring a healthier digital ecosystem.

Therefore, changes in the behavior of every subject in the digital world will also lead to changes in the infrastructure and superstructure that work in synergy with each other. This can be marked by the existence of a reformed era of new world politics, namely the speed of digital economic transformation, collaboration with one another in the trade and financial sector continues to develop, the role of the state is dynamically open to digital identities.

On the other hand, democratic countries are facing the emergence of social networks that require new regulations in society as a significant breakthrough against limited civil liberties, such as individual privacy to protect against early cases that will occur in the digital context or digital text (IT) itself. Regulations designed by the state aim to respond to and regulate all kinds of certain behavior, even to prevent inflation. Dynamic market behavior will have implications for a country’s political economy.
2. Private Governance

Private governance refers to the practice exercised by private companies in which they unilaterally create agreements with a “take it or leave it” edge. Although an enterprise or business adapts existing laws in their residing state, the disability for consumers or customers to negotiate the terms within the contract is potentially detrimental since it leaves the opportunity for frauds, scams, and so on.

C. Obstacles in Digital Transformation

In a report issued by Arthur D. Little, a multinational management consulting firm, it was revealed how digital transformation often fails despite using best practice methods. Companies that then evaluate the results of the plans that have been implemented often focus on the technological factors used in carrying out the company’s strategy. In fact, if examined from a different perspective, there are human resource variables that cannot be avoided, their influence on the success of digital transformation. Greg Smith and Raf Postepski in their work entitled “Driving adoption in digital transformation” elaborated that by assuming a company or industry already has the right technology to create digital transformation, there are several other obstacles that have a significant effect that need to be overcome, namely:

1. Inadequate attention to human behavior.
2. Uneven delivery focus and imprecise control to deliver enabling technology.
3. Improper assumptions.

Patterns of human behavior will be seen in human nature and character, sometimes humans are considered as rational individuals so that they are seen as static factors and do not require much attention. As a result, in carrying out digital transformation, companies are more focused on developing technology so that the reality that occurs in society has the potential to be ignored. From the aspect of corporate consumers, the psychological, cultural and economic conditions of each individual are factors that influence the opportunity to accept digital transformation. If a community or society is not ready to accept digital transformation, it will be very difficult for companies to dominate this market share.
Then, from the aspect of the company's workforce, communication is often a factor that greatly determines the success of digital transformation. If an industry wants to change the way it works, the first party that needs attention is not its customers but internal parties within the company, from directors and shareholders to the employee level. This is due to the potential for disagreement with modifications to the strategy of running the company. This is a common reaction because the design used today is the driving force behind the company's success to become the success it is today. If the method is changed, there are fears that it will harm the company and make it difficult to operate.

Next, similar to the issue of human behavior in accepting digital transformation, there are planning and control issues in delivering enabling technology. In describing this problem, what often becomes a problem is excessive attention to the initial planning in identifying potential problems. In fact, not all incidents or complications can be tracked since the initial planning. In addition, the assumption that the initial objectives and targets are accurate and does not need to be adjusted can become a problem in the future. This is because during the development of a plan into a product, program, or final result, there is only limited or no interaction with actual users or customers. Thus, by the time the final work or final design is finished and released, companies often experience premature success especially with the thought that consumers will use their products automatically. In fact, in reality, consumers often still need encouragement to be interested in using the services offered by companies.

The last inhibiting factor that companies need to respond to is the inappropriate stigma circulating in the public. One is the idea that failure is unacceptable rather than seen as an opportunity to learn. In addition, programs and projects are proposed as quick solutions to solve current problems, not as a form of resolution to the underlying causes.

Thus, in dealing with human nature which is sometimes difficult to predict, solving planning issues in presenting technology, and overcoming inappropriate stigmas,
companies need to create solutions that can accommodate internal and external parties in the transition to using services that incorporate digital technology. This strategy needs to be implemented so that humans can more easily accept and adapt to digital transformation.

D. Hazardous Digital Transformation Model/Agreement Examples

Digital transformation often facilitates the process of delivering information and communication between many parties so that the progress of a business, activity or plan can run more quickly. However, there are several forms of development that generate controversy because they can create high-risk legal relationships.

1. Shrink-wrap Agreement

The first development is the "Shrink-wrap Agreement". Shrink-wrap agreement refers to the concept where a product purchase agreement or contract is included in the product packaging (such as bubble wrap, cardboard, plastic) so that other people cannot make contact with the agreement. This Shrink-wrap Agreement is a testament to digital development. The practice of doing business using Shrink-wrap Agreements nowadays is more common because the parties can save time and money (time and cost efficient) by using this method. In addition, the implementation of the Shrink-wrap Agreement can be carried out if the parties involved feel comfortable transacting online or without face-to-face meetings between the parties. This method will be easier to find in buying and selling products, especially by large companies that have a large market share. The transaction value of buying and selling activities is also still classified as micro, so consumers usually will not mind too much if the agreement with the company uses the Shrink-wrap Agreement practice.

The advantages of this method are not only related to time and cost efficiency, but this also of course maintains the security and privacy of purchases made by consumers when compared to the agreement attached to the outside of the product packaging. However, on the other hand, this practice raises controversy because for the buyer, there is a risk related to what if the agreement reaches his hands damaged, wet, defective, incomplete, and so on. Things like this can not only happen when the buyer is opening the product packaging, but can also occur when the product is in transit. Ignorance and ambiguity regarding the conditions of the agreement located in the product packaging can result in a conflict if both the agreement and/or the product arrive in an imperfect, incomplete state, or have other defects. If viewed from the seller's perspective, the practice of Shrink-wrap Agreement can also be detrimental to the company because when the agreement and/or product arrives at the buyer's destination address in an imperfect, incomplete condition, or there are other defects, the company has the potential to be held accountable. In the end, both the buyer and the seller will come into conflict when both parties are dissatisfied and there is insufficient evidence to hold the other party accountable.

The position of the engagement in such cases becomes unclear, because what the parties do is different from what has been agreed upon by the parties. Both parties appear to have agreed to their sale and purchase transaction so that the item is shipped. However, until the goods arrive at the buyer's destination address, there is still no written agreement that can truly prove the legitimacy of their transaction.

2. Up-front Agreement

Another development, is that there is a risk of implementing live agreements on the first page of an application or website being opened before users can even view the
content offered in the application or website. This form of agreement will be referred to by the author as an "Up-front Agreement". Displaying an Up-front Agreement like this is risky because firstly, application or website users don't know what rights they will get by agreeing to the Up-front Agreement. The "rights" referred to here refer to the user's ignorance regarding what services/features are offered in the application or website, but due to having an interest and expectation of what he can get, the user is still able to understand and agree to the Up-front Agreement.

The engagement model that arises from the Up-front Agreement can be seen from the perspective where what is requested by the company at the Up-front Agreement stage (user obligations) is exchanged for what the user can get from the "Real Agreement" (user rights). In other words, engagements arising from digitalization of technology can still be seen as one agreement. However, according to the author, the Up-front Agreement and the Real Agreement are two separate agreements which cannot be combined because there is an incomplete/defective condition in the rights received by the user (the condition is that the user does not know what he will get). If you choose to combine the Up-front Agreement and the Real Agreement, the conditions that must be met are that the user knows clearly and completely what the offer is before him. Thus, the company should give users the opportunity to view the contents of the application or website first. If later the user is interested, the user and the application or website service provider company can proceed with an information exchange agreement.

E. How Digital Transformation alters an Agreement

Digital platforms use contracts and standard terms in a different manner from what is described theoretically on contract law. There are two principal characteristics in the general law of contract:

1. The model of contract was based on the economic model of the free market transaction; and
2. The contract would be seen mainly as a market planning instrument.

In short, freedom of contract or party autonomy is the foundation in classic contract law. After reaching an agreement in which both parties are involved in the negotiation, the parties enter into a contract that will supposedly serve their mutual interests best. On the other hand, in modern contract law, it has become common practice for contracts to be concluded without prior negotiations, and that even when negotiations were conducted, they did not always ensure a fair outcome. Consequently, freedom of contract remains in theory the fundamental basis, while in practice it has been eroded.

Furthermore, the characteristics of law cannot be separated from involvement with legal information technology. Hence, there are two types of regulations that are commonly known, namely self-regulation and co-regulation.

Firstly, self regulation can be used literally to refer to an individual's ability to control his own behavior. The state submits the substance of this policy to regulations directly related to companies involving individual or collective actions, including regulated corporate and professional codes of ethics, which must first be approved by government agencies because of their association with the public interest. This independent regulation has legal sanctions, if there is an internal or external violation of the mutually agreed rules.

Second, co-regulation is the amalgamation of self-regulation and traditional public authority regulations to form a new system adhering to common principles. The presence of this joint regulation aims to consider different contextual factors, so that legislative authority can be accepted and recognized empirically.
The scheme above shows how an agreement is modified by digital transformation. The two main elements that must exist for an agreement to emerge are the subject and object, the same as stated in 1320 of the Civil Code where there are two subjective conditions and two objective conditions that must be met in order to reach an agreement. When two subjects meet, they act as agents and make agreements related to at least one object where the “agreement” is the way or "pathway" that the parties choose. Thus, a legal relationship was born. The legal relationship is a goal to be achieved through the agreement of the two subjects involved. From the agreement that was born, there is good faith that must be fulfilled. Good faith is the capability possessed by both subjects to carry out their agreement.

Subsequently, good faith is encircled by “delivery” in which delivery here is a method or practice used so that the purpose of the agreement can be achieved. Delivery is the result of the position of the subjects, the actions they do, and the abilities they have. In other words, delivery depends on the subjects involved. The outermost circle is the “user” or position where the subject acts as a mover, follower, or executor of the agreement that was made earlier. Users can be subjects who have been involved from the start or can be people outside the agreement, but later joined in the agreement.

For example, the first is when a seller and buyer meet via e-commerce and they agree to make buying and selling transactions online. Sellers and buyers in this case act as subjects as well as users. Both of them create a sale and purchase agreement and then are bound by the obligation to fulfill the achievements they have promised.

The second example is when two company directors meet and agree to create a digital banking application. In the application, there will be terms and conditions that must be agreed upon by application users. In fact, initially these users were not involved in the agreement created by the two directors. Thus, the subject and the user in this example are two different roles, the subject as the initiator or maker of the agreement, then there is the user who acts as the executor or the party carrying out the agreement.

Freedom of contract or party autonomy is the point of departure of classic contract law: following negotiations, parties enter into a contract that is assumed to serve their mutual interests best. In modern contract law however it has been recognised that often contracts are concluded without negotiations, and that even if negotiations take place, they do not always result in a fair outcome.

**Conclusion**

The legal character in a digital regulation is designed as a means of control over: community, hierarchy of laws and regulations, social norms, behavior modification, and trade competition. Consequently, a majority of agreements made in this post pandemic era are effected by digitalization and there are several modifications in terms of the elements contained therein. For instance, the parties who initiated the agreement do not have to act as the parties carrying out the obligations in the agreement. The subjects executing the agreement can act as users or parties involved in the mid-process phase when the agreement already exists. Agreements carried out after digital transformation are influenced by the subjects involved and related. The method used by them is mandatory to be decided on and good faith remains the foundation of the will of the parties to fulfill the obligations they have promised. Several models of agreements are perilous for the subject/user, particularly when it’s compulsory for the subject/user to comply with the contents of the agreement, even though it was unilaterally created by one party.
References


