

# The Urgency of Comprehensive and Integrated Digital Asset Regulation

**Francisca Romana Nanik Alfiani**

Fakultas Hukum, Universitas Borobudur, Indonesia

Email: ciscaromana@gmail.com

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## Abstract

Cryptocurrency has grown rapidly since it was first introduced to the public. Many countries, including Indonesia, have begun to adopt special regulations for cryptocurrencies in response to the exponential growth and penetration of cryptocurrencies in the traditional financial system. Regulations aim to protect investors, ensure economic stability, and prevent illegal activities such as terrorism, money laundering and tax evasion. In January 2023, Law Number 4 of 2023 concerning Development and Strengthening of the Financial Sector ("UU P2SK") was enacted as a form of financial sector reform. Starting January 2025, regulation and supervision of cryptocurrency transactions will be carried out by the Financial Services Authority (OJK) replacing the Commodity Futures Trading Supervisory Agency (Bappebti) which has established several regulations regarding Crypto assets. But until now There are no regulations regarding permits or prohibitions for influencers/celebrities in marketing crypto assets via social media or other media to the public even though these regulations are needed to mitigate the incidence of victims and losses, as in several cases that have occurred. In the future, a comprehensive and integrated regulation is needed with other laws and regulations such as the Terrorism Law, the Money Laundering Crime Law, the Consumer Protection Law, the ITE Law, the Criminal Code and other related laws and regulations, in order to keep up with the rapid development of cryptocurrency and the changing character of the digital world. global and borderless.

**Keywords:** Comprehensive Regulation, Integrated, Digital Assets.

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## INTRODUCTION

The use of the internet by society as part of fulfilling life's needs has indirectly changed the political, social and economic order (Díaz et al., 2019). Trade without country, time and age boundaries. The form of payment that used to be money in the form of coins and paper has changed to digital money or electronic money (emoney) (Schlossberger, 2016). In the world of commerce (e-commerce), digital payment systems have become a primary need. The next development came Bitcoin (Cryptocurrency) (Panda et al., 2023)(Polasik et al., 2015)(Treiblmaier & Sillaber, 2021)(Seetharaman et al., 2017)(Trautman & Harrell, 2016)(Wang et al., 2019)(Panda et al., 2023).

The high interest of people throughout almost the world in the use of cryptocurrencies ("Crypto assets") is considered a financial innovation (Giudici et al., 2020). The combination of confidentiality or anonymity and high protection offered to users of Crypto assets is a magnet for money launderers (Balthazor, 2018). Currently, the focus of money laundering is not only on legal tax evasion, but also includes financing

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international criminal activities, financing terrorism and other forms of crime, which of course will have an impact on the national economy.

Seeing the high risk of using cryptocurrencies, several countries are trying to regulate cryptocurrencies more strictly, including Indonesia (Laksono & Nugraha, 2021). One of the first efforts that several countries can make regarding the use of Crypto assets is to establish a standard legal definition (Manaa et al., 2019). Besides that, *command-control techniques* are needed to control the direct regulations presented (Dai et al., 2021). Direct regulation refers to regulatory measures that focus directly on the regulation of the industry itself (Nabilou & Paccès, 2015).

Indonesia is one of the countries that has legalized Crypto assets as commodities that can be traded on the stock exchange market under the supervision of the Ministry of Trade – CoFTRA (Fikri & Amalia, 2023). However, with the reform of the financial sector, with the enactment of Law Number 4 of 2023 concerning Development and Strengthening of the Financial Sector ("UU P2SK") which is the Financial Omnibus Law. Starting January 2025, regulation and supervision of Crypto asset transactions lies with the Financial Services Authority (OJK). Next, derivative regulations will be created for the P2SK Law.

To respond to the challenges and rapid development of Crypto assets both nationally and internationally, modern, comprehensive and integrated banking and financial regulations are needed. So it can place special emphasis on the potential externalities of financial activities and especially focus on risk-based regulations that tend to minimize the potential risks or externalities of Bitcoin (*Cryptocurrency*).

## **RESEARCH METHODS**

The writer used a qualitative approach with descriptive methods in this research. This method is expected to be able to answer research questions related to OJK's preparations as a supervisory and regulatory institution for Crypto asset transactions starting January 2025 in preparing derivative regulations of the P2SK Law together with other institutions. Secondary research was conducted based on data collected by The Financial Services Authority and private institutions, including journals and several literatures, collected by the author, are then compiled, compared and analyzed using qualitative data. The final stage is to draw conclusions.

## **RESULTS AND DISCUSSION**

### **Digital Assets**

The term digital asset has been known since the 1990s. At that time, the definition of digital assets referred more to videos, images, audio, written content, with ownership rights. However, in 2009, when blockchain and crypto assets began to be introduced, the meaning of digital assets was redefined again. Digital assets are non-physical assets that are locked by cryptographic passwords, have value, are decentralized in nature, where no person or institution regulates these digital assets, are easy to access anywhere, can be sent anywhere, are more transparent and easy to use. track as long as you have an internet network. The process of creating digital assets is carried out through complex mathematical and encryption processes. Bitcoin is a digital currency concept with a decentralized peer-to-peer (p2p) principle, which runs through a Blockchain technology network without having a central server, is not owned and

regulated by the central government or any financial institution. Crypto is the original asset of the Blockchain network that can be traded, used as a medium of exchange and used to store value. Because this currency is generated directly by the Blockchain protocol (Frisby, 2014).

Currently, digital asset investment is increasingly developing, many new investment assets *Distributed Ledger Technology* (DLT) or better known as *blockchain* have transformed the financial industry and are predicted to disrupt the business world, government and society. *Blockchain* is the technology that gave birth to cryptocurrencies (*cryptocurrencies*). This technology is developing rapidly and creating various other crypto assets, such as *Non-Fungible Tokens* (NFT), *stablecoins*, and *Central Bank Digital Currency* (CBDC). This technology is also the foundation of the third generation internet or Web3 (Horowitz et al., 2022). With *blockchain technology*, crypto assets can be created, recorded, transferred and stored in a decentralized manner, without the need for traditional financial institutions or centralized *administrators*. Crypto assets have given rise to new intermediaries *and* service providers such as *Crypto-Asset exchanges* and *wallet providers* (Framework, 2022).

*Blockchain* technology was first introduced by a figure with the pseudonym Satoshi Nakamoto, to create *the cryptocurrency* Bitcoin in 2008. The very high increase in the value of Bitcoin in a short time has attracted the attention of many parties to invest and develop this technology, so that the growth of crypto assets has increased rapidly. Globally, the total market capitalization of around 8,000 active crypto assets reached USD 2.9 trillion in November 2021. However, the value fell to USD 1.1 trillion in August 2022, due to worsening macroeconomic conditions and various problems in the industry. Crypto (Biancotti, 2022).

In Regulation of the Commodity Futures Trading Supervisory Agency (Bappebti) Number 5 of 2019, it is explained that crypto assets are intangible commodities in the form of digital assets, using cryptography, peer to peer networks, and distributed ledgers for the creation of new units, verifying transactions, and secure transactions without interference from other parties (Soputro et al., 2023). Crypto assets are commodities that can be traded in Indonesia. The rules regarding commodities are contained in Law Number 10 of 2011 concerning Amendments to Law Number 32 of 1997 concerning Commodity Futures Trading. What is meant by commodities are all goods, services, rights and other interests and any derivatives of commodities that can be traded and are the subject of futures contracts, sharia derivative contracts and/or other derivative contracts (Septiawan, 2021).

As commodities, crypto assets such as bitcoin, ethereum, dogecoin, or others, cannot be used as a means of payment in Indonesia even though in Indonesia, crypto assets are actually more commonly known as crypto currencies. This is because the legal means of payment in Indonesia is rupiah, as per Law Number 7 of 2011 concerning Currency. This prohibition is confirmed in Article 34 of BI Regulation No. 18/40/PBI/2016 concerning Implementation of Payment Transaction Processing and Article 8 Paragraph 2 of BI Regulation No. 19/12/PBI/2017 concerning the Implementation of Financial Technology, which states that Financial Technology Operators are prohibited from carrying out payment system activities using *virtual currency*. What is meant by "*virtual currency*" in the regulation is digital money issued by parties other than the monetary authority which is obtained by *mining*, purchasing or transferring gifts (*rewards*).

Electronic money is not included in the definition of *virtual currency*. Prohibition of carrying out payment system activities using *virtual currency* because *virtual currency* is not a legal means of payment in Indonesia.

Bank Indonesia believes that crypto assets should not be supervised by Bappebti considering that crypto assets have the risk of having an impact on the financial system in the country. Bank Indonesia considers it necessary to review CoFTRA's position as supervisor of crypto assets in Indonesia. Based on the P2S K Law, supervision and regulation of crypto assets by the Financial Services Authority (OJK). Some notes regarding the crypto asset restriction- based approach in Indonesia are as follows:

1. The approach of restricting crypto assets will not be effective, due to the decentralized, cross-border, time and anonymous nature of crypto assets. People can buy and sell crypto assets as long as they have a *gadget* connected to the internet and carry out transactions directly (*peer-to-peer*).
2. Prohibiting financial institutions from financing activities related to crypto assets will have an impact on investment opportunities and lending to business sectors which are currently developing rapidly.
3. At a global level, the interconnection between crypto assets and traditional financial institutions has been increasing. Among them, assets to maintain *stablecoin stability* are mostly sourced from traditional financial institutions. Currently, many financial institutions in other countries provide payment and deposit services using crypto assets.

Differences in perception in determining the type and function of crypto assets are the main cause of the differences in approaches above. For this reason, it is necessary to have a clear definition of Crypto assets. The existence of differences in views certainly gives rise to something *regulatory arbitrage*, namely supervision in two institutions, Bappebti has authority over commodity trading, while Bank Indonesia has authority in the monetary sector. Meanwhile, crypto assets are very diverse and complex, because they fulfill commodity elements and can also function as a means of payment. Currently, the term " *crypto- assets* "has used for refers to a very broad type of asset.

Based on CoFTRA Regulation Number 8 of 2021 concerning Guidelines for Organizing Physical Market Trading for Crypto Assets (*Crypto Assets*) on the Futures Exchange, crypto assets are intangible commodities in the form of digital assets, using cryptography, *peer-to-peer networks*, and distributed ledgers to organize the creation of new units, verify transactions, and secure transactions without interference from other parties. Crypto assets are included as Physical Assets based on Central Statistics Agency (BPS) Regulation Number 2 of 2020 concerning the Standard Classification of Indonesian Business Fields (KBLI), with code 66153 (Physical Commodity Traders). Apart from that, because crypto asset trading uses an electronic/digital platform. Bappebti also asks crypto asset traders to include the KBLI code: 63122 (Web Portal and/or Digital Platform with Commercial Purposes). Although the term crypto asset is often used, there is no generally agreed definition of what constitutes a crypto asset. So far, different definitions have been used by various regulatory authorities for monitoring and supervision purposes or for other purposes. Apart from differences in definitions, there are also differences in the use of terms for crypto assets such as: virtual currencies, coins, digital currencies or digital assets (Manaa et al., 2019).

The crypto and Bitcoin markets are in a phase of high volatility in the 2nd week of October 2023. The price of Bitcoin (BTC) is known to have decreased below the level of 27,000 US dollars per coin or the equivalent of Rp. 424 million (exchange rate of Rp. 15,703 per US dollar) and the number of crypto investors in Indonesia continues to increase. Based on data from the Commodity Futures Trading Supervisory Agency (Bappebti), the total number of crypto investors in Indonesia reached 17.79 million people as of August 2023 (Ramli, 2020). In mid-November 2022, the market capitalization value of crypto assets decreased to only USD 833.26 billion due to the collapse of the second largest crypto *exchange in the world, namely FTX* (Saputra, 2023). In Indonesia, the growth of crypto assets is also very high. The average crypto asset transaction reaches IDR 71.6 trillion every month, with around 11.8 million users. However, in August 2022 crypto transactions fell to IDR 16.9 trillion from IDR 99.91 trillion in August last year (Wazid et al., 2022).

Besides that, according to data presented by Statista in 2023, there is a trend of increasing use of Cryptocurrency in the world. The increase was nearly 190 percent between 2018 and 2020, and increased further in 2022. Total crypto wallet downloads were much lower in 2022 than in 2021 while the number of downloads for Coinbase, Blockchain.com, and MetaMask, among others, decreased due to the market reaching "crypto winter" throughout the year. On the other hand, the cryptocurrency market is under increasing pressure in 2023, as global regulators continue to crack down on assets. digital. Bitcoin reached its highest value throughout 2023. In December 2023 it exceeded 42,000 US dollars (Raynor et al., 2007).

*Blockchain* technology is currently still in the development stage and has many weaknesses. The two main criticisms of *blockchain* are its energy use and impact on the environment and the greenhouse effect, as well as its use for illegal financial activities and criminal transactions, such as money laundering and terrorism financing and consumer security issues are also in the spotlight, due to the many cases of fraud *and* hacking. (*hack*) in the *blockchain network*. In addition, crypto asset prices are very volatile, because they are driven more by speculation than economic benefits, as well as operational risks due to the centralization of key services *and* other vulnerabilities in *Distributed Ledger Technology*. For this reason, the use of *blockchain technology* and crypto assets must be strictly regulated, including the definition of crypto assets by relevant institutions.

### **Comprehensive and Integrated Regulations**

The enactment of Law Number 4 of 2023 concerning Development and Strengthening of the Financial Sector ("UU P2SK"), which is the Financial Sector Omnibus Law and the embodiment of legal reform in the financial sector, aims to strengthen both financial system authorities in carrying out their duties and authority, as well as financial industry. An agile financial sector industry supports the smooth running of financial sector reform. Industries that are able to carry out their functions well will be able to support sustainable economic growth. The various changes regulated in the P2SK Law prioritize the interests of the community, providing stronger protection for investors or consumers. Community support is realized by setting criminal provisions that favor the prevention of crime and compensation for communities harmed by financial institutions such as illegal loans, fraudulent investments, and also Ponzi schemes in savings and loan cooperatives,

which have recently become quite widespread in causing harm to the community, providing legal certainty and regulate the latest developments in financial sector activities, especially related to developments in financial sector technological innovation.

Reporting from a press release on the Ministry of Finance website, Minister of Finance Sri Mulyani Indrawati explained that there are five scopes of matters regulated in the P2SK Law. First, strengthening the institutional authority of the financial sector while still paying attention to independence. Second, strengthening governance and increasing public trust. Third, encourage the accumulation of long-term financial sector funds for welfare and support sustainable development financing. Fourth, consumer protection. Fifth, literacy, inclusion and innovation in the financial sector (Ahern & Sosyura, 2015).

Furthermore, within 2 (two) years after the P2SK Law is promulgated, the government and authority institutions in the financial sector will prepare implementing regulations, in the form of Government Regulations, Bank Indonesia Regulations, OJK Regulations, and LPS Regulations.

Regarding the regulation and supervision of Crypto asset transactions, starting January 2025 it will be completely under the Financial Services Authority (OJK). As a follow-up to the mandate of the P2SK Law, OJK continues to make efforts to take a proactive role in regulating, supervising and supporting the development of the crypto market in Indonesia. The transfer of duties and responsibilities for crypto asset transactions that occur to Bank Indonesia, OJK, and Bappebti certainly requires synergy from each of these institutions and must be carried out carefully. And the most important thing, during the current transition period, both OJK, CoFTRA and Bank Indonesia, must pay attention to and guide the rules or regulations for crypto assets that previously existed. As is the regulation of Crypto assets in Minister of Trade Regulation Number 99 of 2018 concerning General Policy for Implementing Crypto Asset Futures Trading.

Article 1: *"Crypto Assets are designated as Commodities that can be used as Subjects of Futures Contracts traded on the Futures Exchange."*

Article 2: Further regulations regarding the determination of Crypto Assets (Crypto Assets) as Commodities that can be used as Subjects of Futures Contracts traded on the Futures Exchange, their guidance, supervision and development are determined by the Head of the Commodity Futures Trading Supervisory Agency.

In the 2 articles above, Crypto Assets have clearly and emphatically been placed as commodities which are the subject of futures contracts and traded on the Futures Exchange.

On the other hand, Article 8 paragraph (4) of the P2SK Law has changed Article 6 paragraph (1) to become the Financial Services Authority. Thus, carrying out regulatory and supervisory duties on activities in the ITSK sector as well as digital financial assets and crypto assets.

Likewise with the implementing provisions of the Head of CoFTRA who has issued several regulations of the Head of the Commodity Futures Trading Supervisory Agency (Perba) related to crypto trading, including : CoFTRA Regulation Number 13 of 2022 concerning Amendments to CoFTRA Regulation Number 8 of 2021 concerning Guidelines for Organizing Physical Market Trading Crypto Assets (Crypto Assets) on the Futures Exchange, where supervision of buying and selling crypto asset transactions is carried out by the Futures Exchange.

"The provisions mentioned above have regulated different things regarding crypto assets, because initially crypto asset trading was under the regulation and supervision of Bappebti. However, the presence of the P2SK Law has transferred the regulation and supervision of crypto asset trading to the OJK. For this reason, in preparing the implementing regulations for the Law P2SK must be based on harmonization of laws and regulations and institutional synergy is very much needed so that there is no overlapping of related regulations and provisions, and later there will be difficulties when enforcing the law.

During this transition period, attention must be paid to the important factors of the P2SK Law, in order to create a certainty of orientation for the behavior of the general public and financial sector actors, so that the regulations derived from the P2SK Law can establish clear norms regarding what must be done and what must be done. prohibited from carrying out activities in the financial sector with the aim of creating continuity of legal order that provides a reference for community behavior in the financial sector in the future. Likewise, with the presence of the P2SK Law, it is hoped that there will be legal transparency in order to avoid normative confusion in society, confusion that occurs due to inconsistencies in the law enforcement process and the unprotected interests of the public from financial crime is now increasingly widespread in cyberspace.

Not infrequently, this crime is committed by influential figures or what are usually called social media influencers. However, it turns out that UUP2SK has not regulated promotional activities for financial services businesses by Indonesian influencers, even though in several countries it has been regulated that influencers or celebs who can promote a financial service product must have a license. Influencers are also prohibited from giving investment advice and so on if they do not have this license. Even in France, regulators traced the luxurious photos displayed by the Crazy Rich on their accounts. Later it was discovered that the villa or luxury car was rented and ended up being subject to sanctions. According to data received by the Task Force from 2017 to August 3 2023, 1,194 illegal investment entities, 5,450 illegal loans and 251 illegal pawns were found. The loss to society due to illegal investment from 2017-2022 reached IDR 139.03 trillion.

Several cases in Indonesia, carried out by a number of 'crazy rich' influencers who often promote instant and easy investment products, resulted in many victims being harmed, namely 1. Doni Salman's case, causing losses to a number of Quotex members. Rp. 24,000,000,000,- (twenty four billion Rupiah). Sentenced to 4 years in prison, fine of Rp. 1,000,000,000 (one billion Rupiah), subsidiary 6 months in prison. 2. The case of Indra Kesuma alias Indra Kenz, with a total of 144 victims with total losses reaching IDR 83,000,000,000 (eighty three billion Rupiah), sentenced to 10 years in prison and a fine of IDR 5,000,000,000 (five billion Rupiah) subsidiary to 10 months in prison. 3. Reza Paten case, victims are estimated at 300 thousand people with losses of around Rp. 2 trillion. Until now, Reza Paten's whereabouts are still unknown. 4. Wahyu Kenzo case, victims reached 25 thousand people with losses estimated to have reached IDR 9 trillion. Apart from the crimes above, other crimes related to cryptocurrency transactions are terrorism, money laundering and theft. Reflecting on these cases and the lack of compensation for the victims, this has not provided a deterrent effect for the perpetrators of the crime. The most crucial thing is that there are no regulations governing permits and/or prohibitions on promotion of the digital financial sector by influencers/celebrities.

Creating comprehensive and integrated crypto asset regulations is not easy. Bearing in mind, the exponential pace of innovation and technological change is a challenge for stakeholders. Moreover, regulatory responses have been *ad-hoc*, rhetorical and segmented, due to the absence of standardized definitions. mutually agreed upon or become a guideline. In fact, the character of the digital world is global and *borderless*. Current regulations regarding Crypto assets overlap and even the opposite. This is because several countries prohibit the use of crypto assets, while other countries fully support it, meanwhile, there are countries that accept it on a limited basis. Not only between countries, differences of opinion regarding crypto assets also occur between institutions/regulators in many countries. For example, in the United States, which is the mecca of the crypto industry, there is a fierce debate regarding the regulation of crypto assets. *The Securities and Exchange Commission (SEC)* considers most crypto assets to be securities/shares, while *the Commodity Futures Trading Commission (CFTC)* considers them to be commodities, while the Ministry of Finance considers them to be currencies (Reuters, 2022).

The same thing apparently also happened in Indonesia. The Ministry of Trade through the Commodity Futures Trading Supervisory Agency (Bappebti) regulates crypto as a commodity and can be traded. Meanwhile, Bank Indonesia (BI) and the Financial Services Authority (OJK) prohibit it as a means of payment and warn of the dangers of crypto as an investment asset. BI and OJK also feel the need to monitor crypto assets because they have the potential to disrupt financial stability. These ambiguous crypto asset regulations and policies can create *regulatory arbitrage*, which has the potential to create uncertainty in doing business and investing in Indonesia. Apart from being ambiguous, crypto asset regulations in Indonesia are also not yet comprehensive, because many aspects are not regulated. Until now there are no regulations governing fundraising activities *involving* crypto assets, such as *Initial Coin Offering (ICO)*, *Security Token Offering (STO)*, and *Initial Exchange Offering (IEO)*. Apart from that, there are no regulations that explicitly regulate NFTs, *tablecoins* and *CBDC*. In fact, regulations play an important role in directing market activities that are fair and efficient, reflect the public interest and correct market failures (Putri et al., 2023).

In general, regulators can take different approaches in designing regulatory *frameworks*. Some approaches have the potential to be combined or modified depending on the regulator's objectives. *The Global Future Council on Cryptocurrencies (2023)* provides four general principles of regulatory approaches, namely:

1. "*Wait and see*" approach. In this approach, the regulator does not issue special regulations on emerging industries so that those industries can develop. Regulators usually combine existing regulations with strict monitoring so that they can build a regulatory framework that is appropriate to the existing potential risks. One example is Brazil. In this country there are no special laws regulating crypto assets. Nevertheless, crypto entities can operate under existing laws and regulations related to the financial sector.
2. Public-Private cooperation approach (*balanced/risk-proportionate approach*). This approach requires collaboration between policy makers, regulators and the private sector in the form of cooperation through task forces and/or innovation centers (*innovation hubs*), in designing and implementing laws and regulations to build an inclusive and innovative financial system. With this approach, regulators will gain a

better understanding of innovators and quickly adapt to a rapidly changing environment. Meanwhile, the private sector will respond more quickly according to the regulator's wishes. *The Monetary Authority of Singapore (MAS)* took a collaborative, *risk-proportionate approach to blockchain*, and launched a *regulatory sandbox*, where *fintechs*, banks and regulators work together. Meanwhile the European Central Bank formed a *distributed ledgers* task force and launched a joint research project with *the Bank of Japan*.

3. Comprehensive regulatory approach (comprehensive *regulatory approach*). This approach involves the design and implementation of a specific regulation to govern the activities of the regulated entity. These regulations include licensing requirements, such as *Anti Money Laundering (AML)/Countering the Financing of Terrorism (CFT) reports and obligations*.

This approach will create legal certainty thereby increasing investment and fostering innovation. However, regulators must find the right balance between encouraging innovation and mitigating risks. Comprehensive regulations must be made carefully and carefully, because otherwise they will hinder innovation and create risks that can shake economic stability. Therefore, it takes a long time to create comprehensive regulations.

4. Restrictive Approach (*restrictive approach*). This approach takes the form of restrictive measures that affect the market in general. This approach is based on a conservative or precautionary view, or is based on experience or specific market events. The drop in prices of the Luna coin and the algorithm-based *stablecoin TerraUSD (USTC)* by up to 99% in a short time, caused regulators in the United States to ban algorithm-based stablecoins.

Currently, the Indonesian Government is implementing a combination of two policy approaches, namely the Public-Private Partnership approach and the Restriction Approach. The Public-Private Cooperation approach is carried out through the legalization of crypto asset trading and plans to establish the Indonesian Crypto Futures Exchange. Meanwhile, the Restrictive Approach is carried out by prohibiting the use of crypto assets as a medium of exchange in Indonesia.

The Ministry of Trade of the Republic of Indonesia regulates crypto assets as commodities that can be traded through Minister of Trade Regulation Number 99 of 2018 concerning *Crypto Asset Futures Trading*. Further regulations are regulated in the Regulation of the Commodity Futures Trading Supervisory Agency Bappebti/CoFTRA) Number 5 of 2019 concerning Technical Provisions for the Implementation of Physical Markets for Crypto Assets (*Crypto Assets*) on the Futures Exchange. This regulation has undergone three changes, with the latest change being CoFTRA Regulation Number 3 of 2020. Then CoFTRA Regulation Number 8 of 2021 was issued regarding Guidelines for Organizing Physical Market Trading for Crypto Assets (*Crypto Assets*) on the Futures Exchange. Determining crypto assets as commodities that can be traded is because economically crypto assets have large investment potential. The ban on trading in crypto assets will have an impact on the large number of investments fleeing the country (*capital outflow*), because consumers will look for markets that legalize crypto transactions. The speculative nature of crypto assets causes crypto assets to become a popular investment choice (*hype*) in society and develop rapidly. Apart from that, crypto assets also have several advantages, namely the value is not influenced by government

policy, reduced intermediary costs in financial transactions, eliminates the risk of confiscation by the state, and does not require a particular bank as the organizer or manager of crypto assets (Haji, 2022).

For this reason, legal certainty is needed to protect the public and business actors, because legal protection for parties who experience losses in crypto asset transactions is not specifically regulated in Indonesian laws and regulations. To facilitate trading of crypto assets, a Crypto Futures Exchange will be established. Based on Bappebti Regulation Number 8 of 2021 concerning Crypto Futures Exchanges, the Government and the private sector will form an ecosystem that collaborates and works together, to create legal certainty, protect crypto asset customers, and facilitate innovation, growth and development of physical crypto asset trading business activities. There are several notes in the regulations that have been implemented so far, namely:

1. Determining crypto assets as commodities limits the use of crypto assets only as investment and trading assets. Even though crypto assets have very diverse functions.
2. Some physical traders of cryptocurrencies have many different roles/ functions. Apart from being a place to sell and/or buy between crypto assets and Rupiah currency, exchange between one or more types of crypto assets, storage of crypto assets belonging to crypto asset customers, and transfer or transfer of crypto assets between *wallets*. Some physical crypto asset traders also issue *stablecoins*, provide coins for trading, provide loan/financing facilities (*loan*), and crypto deposits (*staking*). Although to carry out this function, a Physical Crypto Asset Trader must obtain permission from the Head of CoFTRA, for this role/function the relevant regulations must be implemented because they resemble the services provided by financial institutions.
3. The current regulations only regulate crypto traders (*exchanges*) operating in Indonesia, while crypto traders from abroad who offer services in Indonesia are not yet regulated. This arrangement is difficult to do, due to the cross-border nature of crypto trading and can easily be done via internet-connected *gadgets*. However, this arrangement needs to be made to create an equal *playing field for crypto traders and protection for consumers*.
4. Current regulations only regulate crypto asset trading for retail/individual investors, do not regulate crypto asset trading for institutional investors. The entry of large/institutional investors will increase the trading volume of crypto assets and increase motivation to create new crypto assets. This of course requires in-depth study.
5. Based on Bappebti Regulation Number 11 of 2022 concerning Determining the List of Crypto Assets Traded on the Physical Crypto Asset Market, the number of crypto assets that can be traded in Indonesia is 383. However, further study is needed regarding the implementation, determination mechanism and delivery to the public, because of the number of assets There are so many cryptocurrencies and their development is very dynamic. The presentation of the name of the crypto asset should be accompanied by a symbol/short name, link/ *website address* or *whitepaper*, and displayed online/via *the website*, so that it can be easily updated by Bappebti and easily accessed by the public. In its implementation, Bappebti must monitor closely if there are traders offering crypto assets outside the established list.

## CONCLUSION

Regulations related to crypto assets have experienced significant developments following financial sector reform and the enactment of Law Number 4 of 2023 concerning Development and Strengthening of the Financial Sector. This law mandates the Financial Services Authority (OJK) as the regulator and supervisor of crypto transactions. The synergy between OJK, Bank Indonesia, PPATK, BNPT, BSSN, Ministry of Finance, Ministry of Trade, Ministry of Communication and Information, Police, and Attorney General's Office resulted in an integrated study. This evaluation is the basis for formulating crypto asset regulations that support industry growth, maintain financial stability, and provide legal certainty. The results are expected to produce regulations that include the definition of crypto assets, provisions for marketing via influencers, regulation of foreign crypto traders, as well as ensuring alignment with relevant laws. Sustainable financial literacy programs are also considered important so that people can understand financial investments well.

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