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Bitcoin's Position in Indonesian Currency Law

Eduardus Robert Arminanto^{*1}, Kukuh Ari Firmansyah²

^{1,2} Faculty of Law, Universitas Airlangga, Surabaya, Indonesia

* Corresponding author: eduardusrobert15@gmail.com

Abstract

The influence of technology and developing information is indeed extraordinary on human life. Economic development is also inseparable from the growing technology, for example in transaction procedures in a matter. Bitcoin came up with a new innovation in the form of a cryptocurrency that uses a payment network from user to user. Crypto has become a phenomenon nowadays. Based on the results of the Global Web Index Survey, 10% of internet users in Indonesia already own digital currencies, it can be said that Indonesia is ranked 5th most crypto users in the world. Crypto or can be called cryptocurrency has a fairly high risk. Then kirpto has a change in value that is only enthusiasm at any time. Krip toalso has a lack of regulation and still leaves legality issues. This research was conducted to determine the existence of bitcoin trading to the national economy. The use of bitcoin over time is increasing in Indonesia. For this reason, before the use of bitcoin is increasing, we must understand the influence and impact of bitcoin trading on the national economy. Only nine countries have legalized bitcoin, it is questionable why many countries have not legalized bitcoin. This study aims to find out how bitcoin trading conditions in Indonesia. The results of this journal will discuss the effect of bitcoin trading on the national economy even though in Indonesia it is prohibited and recognized as legal tender. This can be viewed from several factors such as from the nominal side of bitcoin, which is considered excessive, especially in the picture of the economic crisis.

Keywords

Bitcoin, Indonesian Legal System, Indonesian Currency Law, Trade



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Introduction

Bitcoin is an electronic currency created in 2009 by Satoshi Nakamoto. Bitcoin is often considered as an investment instrument that has the potential to get profits. The use of bitcoin can be started by creating a bitcoin wallet and entering an email. Then create a Bitcoin trading account through the existing link, then you can buy Bitcoin and make money through Bitcoin. Bitcoin can also be exchanged for money just like any other asset. There are many *cryptocurrency* exchanges online. These transactions can be done between individuals or through the platform. In practice, Bitcoin is banned in Indonesia. According to the Head of Payment System Policy Department of Bank Indonesia (BI) Onny Widjanarko as quoted by CNBC Indonesia, BI still prohibits Bitcoin from being used as a means of payment. He mentioned that Bitcoin is not a means of payment. Cryptocurrencies only act as goods that can be traded.¹

¹ See Ilyasa, Raden Muhammad Arvy. "Legalitas Bitcoin dalam Transaksi Bisnis di Indonesia." *Lex Scientia Law Review* 3.2 (2019): 115-128; Putra, I. G. N. A. P., and Gede Sri Darma. "Is bitcoin accepted in Indonesia." *International Journal of Innovative Science and Research Technology* 4.2 (2019): 424-430; Setiawan, Ezra Putranda. "Analisis Potensi dan Risiko Investasi Cryptocurrency di Indonesia." *Jurnal Manajemen Teknologi* 19.2 (2020): 130-144; Yohandi, Axel, Nanik Trihastuti, and Darminto Hartono. "Implikasi Yuridis Penggunaan Mata Uang Virtual Bitcoin Sebagai Alat Pembayaran dalam Transaksi Komersial (Studi Komparasi Antara Indonesia-Singapura)." *Diponegoro Law Journal* 6.2 (2017): 1-19. Furthermore, in various studies are also highlighted that there are several problems associated with Bitcoin in Indonesia, including: *First*, Lack of Regulatory Clarity: The regulatory framework surrounding Bitcoin and other cryptocurrencies is still evolving in Indonesia. While some agencies have issued guidelines, there is still no clear legal framework that governs the use of cryptocurrencies. This has created uncertainty for individuals and businesses that want to use Bitcoin in Indonesia. *Second*, Risk of Fraud: The unregulated nature of Bitcoin makes it vulnerable to fraud and scams. Investors in Bitcoin may fall victim to Ponzi schemes, fake ICOs (Initial Coin Offerings), and other forms of investment fraud. In Indonesia, there have been several cases of cryptocurrency fraud, highlighting the need for stronger regulatory oversight. *Third*, Money Laundering: Cryptocurrencies like Bitcoin can be used to facilitate money laundering and other illegal activities. There is a risk that criminals may use Bitcoin to move illicit funds across borders or to avoid detection by law enforcement agencies. Indonesia's Financial Transaction Reports and Analysis Center (PPATK) has warned of the risk of money laundering associated with cryptocurrencies. *Fourth*, Lack of Consumer Protection: Unlike traditional financial products, Bitcoin transactions are irreversible and provide little recourse for consumers who may fall victim to fraud or technical glitches. There is a risk that consumers in Indonesia may lose their funds if they invest in unregulated Bitcoin schemes or platforms. Overall, the problems associated with Bitcoin in Indonesia are similar to those faced by other countries grappling with the regulation of cryptocurrencies. While there are risks associated with the use of Bitcoin, there is also potential for innovation and economic growth if the regulatory framework can strike a balance between promoting innovation and protecting consumers. See also Kurniawan, Itok Dwi, et al. "Transformasi Penggunaan Cryptocurrency Melalui Bitcoin dalam Transaksi Komersial Dihubungkan Dengan Diskursus Perlindungan Hukum (Legal Protection) Konsumen di Indonesia." *Jurnal Hukum Mimbar Justitia* 7.1 (2021): 65-86; Gunawan, Fergyanto E., and Rizki Novendra. "An analysis of bitcoin acceptance in Indonesia." *ComTech: Computer, Mathematics and Engineering Applications* 8.4 (2017): 241-247; Amsyar, Izwan, et al. "The Challenge of Cryptocurrency in the Era of the Digital Revolution: A Review of Systematic Literature." *Aptisi Transactions on Technopreneurship (ATT)* 2.2 (2020): 153-159.

In the further context, it is stated that bitcoin is a decentralized digital currency that operates without a central bank or single administrator. It is based on a peer-to-peer network and is often referred to as a cryptocurrency. In the Indonesian legal system, the status of Bitcoin and other cryptocurrencies is not yet fully clear.

In 2014, Bank Indonesia issued a statement warning the public about the risks of using Bitcoin as it is not recognized as a legal tender in Indonesia. The statement also prohibited financial institutions from dealing with Bitcoin and other cryptocurrencies. However, in 2019, the Indonesian Commodity Futures Trading Regulatory Agency (BAPPEBTI) issued a regulation that recognized Bitcoin and other cryptocurrencies as commodities that could be traded on the futures exchange. The regulation requires crypto traders to register with Bappebti and meet certain requirements, such as having a minimum capital of 1.5 billion rupiahs (approximately USD 100,000) and having a data center located in Indonesia. The use of Bitcoin for payment transactions is still prohibited in Indonesia. In March 2021, the Indonesian central bank reiterated that cryptocurrencies are not recognized as legal tender and warned the public about the risks of using them.

Overall, while the use of Bitcoin and other cryptocurrencies is not illegal in Indonesia, the regulatory framework surrounding their use is still evolving. It is important for individuals and businesses interested in using cryptocurrencies to closely monitor regulatory developments in Indonesia and to seek professional advice to ensure compliance with any applicable laws and regulations.

However, The Indonesian Currency Law, which was last amended in 2011, does not provide a clear position on Bitcoin and other cryptocurrencies. The law defines the Indonesian rupiah (IDR) as the official currency of Indonesia and requires all transactions within the country to be conducted in IDR. However, the law does not explicitly prohibit the use of Bitcoin or other cryptocurrencies.

In 2014, Bank Indonesia issued a statement that warned the public about the risks of using Bitcoin as it is not recognized as legal tender in Indonesia. The statement also prohibited financial institutions from dealing with Bitcoin and other cryptocurrencies. This implies that Bitcoin cannot be used as a substitute for IDR. In 2019, the Indonesian Commodity Futures Trading Regulatory Agency (Bappebti) issued a regulation that recognized Bitcoin and other cryptocurrencies as commodities that could be traded on the futures exchange. The regulation requires crypto traders to register with Bappebti and meet certain requirements, such as having a minimum capital of 1.5 billion rupiahs (approximately USD 100,000) and having a data center located in Indonesia.

The unclear position of Bitcoin in Indonesian Currency Law has led to some confusion and uncertainty around the use of cryptocurrencies in the country. However, the Indonesian government has taken steps to regulate the cryptocurrency industry and provide greater clarity on the legal status of cryptocurrencies in the country. It is important for individuals and businesses interested in using

cryptocurrencies to monitor regulatory developments and seek professional advice to ensure compliance with applicable laws and regulations.²

Methods

Researching Bitcoin in the legal context involves a multi-disciplinary approach that combines legal analysis, economic analysis, and technical analysis. Here are some steps that can be taken in conducting legal research on Bitcoin: *First*, Identify Relevant Legal Frameworks: The first step is to identify the relevant legal frameworks that govern Bitcoin in the jurisdiction of interest. This may include currency laws, securities laws, tax laws, and anti-money laundering regulations. *Second*, Review Case Law: Reviewing case law can provide insight into how courts have interpreted legal frameworks in relation to Bitcoin. This can help to identify any legal precedents or gaps in the law. *Third*, Analyze Regulatory Developments: Monitoring regulatory developments can provide information on how governments and regulatory bodies are approaching the regulation of Bitcoin. This can include reviewing regulatory guidance, enforcement actions, and legislative proposals. *Fourth*, Conduct Economic Analysis: Conducting economic analysis can provide insight into the potential impact of Bitcoin on the economy and financial system. This can include analyzing the potential for Bitcoin to disrupt traditional financial systems and the risks associated with its use. *Fifth*, Conduct Technical Analysis: Conducting technical analysis can provide an understanding of the technical underpinnings of Bitcoin and how it operates. This can help to identify potential legal and regulatory challenges related to Bitcoin's decentralized nature and the use of blockchain technology. *Sixth*, Synthesize Findings: Finally, synthesizing the findings of legal, economic, and technical analysis can help to provide a comprehensive understanding of the legal implications of Bitcoin. This can include identifying potential legal challenges and opportunities related to the use of Bitcoin and other cryptocurrencies.

Results and Discussion

A. Position of Bitcoin in the Indonesian Currency Law

Bitcoin is a digital currency or *virtual currency* that emerged in 2009 by Satoshi Nakamoto based on *cryptography*. Cryptography works on the basis of specially crafted encryption algorithms and is used to validate and verify transactions that occur. Bitcoin exchange rate fluctuations depend on user or investor demand and

² Cadizza, Riza, and Trio Yusandy. "Pengaturan Cryptocurrency di Indonesia dan Negara-Negara Maju." *Jurnal Hukum dan Keadilan "MEDIASI"* 8.2 (2021): 137-49; Widjaja, Gunawan. "Legality of cryptocurrency in Indonesia." *Advances in Business Research International Journal (ABRIJ)* 5.2 (S) (2019): 76-80; Fauzan, Aditya Rafi, and Rianda Dirkareshza. "Lex Crypto: Perbandingan Landasan Hukum terhadap Dampak Keberadaan Bitcoin antara Indonesia dengan El Salvador." *Pandecta Research Law Journal* 16.2 (2021): 320-335; Yulfajar, Amrina, and Kusuma Adi Rahardjo. "Bitcoin in Indonesia: Economic and legal aspects." *International Journal of Social Science and Economic Research* 3.8 (2018): 1-11.

are strongly influenced by state acceptance or rejection.³ Transactions use hand indication, namely *cryptography*, so that they are always safe as a result of which there is no counterfeiting and double spending. There are basically no legal provisions governing the Bitcoin currency. However, based on Article 2 of Law No. 7 of 2011 concerning Currency, Bitcoin is not legal as a means of payment because the currency of the Unitary State of the Republic of Indonesia is Rupiah, consisting of paper rupiah and metal rupiah, and is symbolized by Rp. While Bitcoin entered and developed in Indonesia as a virtual means of payment. Based on Article 2 of Bank Indonesia Regulation No. 17/3/PBI/2015 concerning the Mandatory Use of Rupiah Currency, it is stated that everyone must use Rupiah in transactions including every transaction that has the purpose of payment, settlement of other obligations that must be fulfilled using money, and other financial transactions carried out in the national territory. Based on the provisions above, it can be interpreted that the use of rupiah currency as a means of payment transactions in the territory of the Indonesian state is mandatory. Currencies recognized under the Currency Law in Indonesia must be issued by the government or competent authority. This is contrary to bitcoin as a virtual *currency* as referred to in the Explanation of Article 34 of PBI No. 18/40/PBI/2016 concerning the Implementation of Payment Transaction Processing, every financial institution is prohibited from using digital currency as a means of payment, because virtual currency is a digital currency issued by non-monetary institutions and are obtained by buying, taking, or transferring gifts.

According to Nakamoto, Bitcoin is designed as an online payment system between sellers and buyers who are willing to transact directly without involving third parties so that it is more efficient. Bitcoin is practical because its use does not require authorization from an authorized financial institution, namely by the Financial Services Authority, with universal applicability accompanied by protection of user identity, so that identity theft is minimal. In the use of bitcoin, each user only has one "address" for each transaction that will be carried out so as to reduce the risk of repeated transactions, but the drawback is that transactions using bitcoin do not include a name so that the owner cannot be identified. Bitcoin also has other shortcomings that there is no clear regulation, there has been a legal vacuum regarding virtual currencies in Indonesia. There are no guidelines for the community on what is allowed and what is prohibited for virtual currencies. This causes no legal certainty to the public and the legal position of virtual currencies in Indonesia is still gray. Bitcoin's survival is not guaranteed due to its unstable value. Bitcoin's value rises and falls

³ See Setiawan, Ezra Putranda. "Analisis Potensi dan Risiko Investasi Cryptocurrency di Indonesia." *Jurnal Manajemen Teknologi* 19.2 (2020): 130-144; Disemadi, Hari Sutra, and Delvin Delvin. "Kajian Praktik Money Laundering dan Tax Avoidance dalam Transaksi Cryptocurrency di Indonesia." *NUSANTARA: Jurnal Ilmu Pengetahuan Sosial* 8.3 (2021): 326-340; Nitha, Dewa Ayu Fera, and I. Ketut Westra. "Investasi Cryptocurrency Berdasarkan Peraturan Bappebti No. 5 Tahun 2019." *Jurnal Magister Hukum Udayana (Udayana Master Law Journal)* 9.4 (2020): 712-722.

according to the laws of supply and demand in the market. In carrying out bitcoin transactions, sophisticated and qualified technology is needed.⁴

Several legal problems occur in Bitcoin starting from the legality of bitcoin then its existence which is contrary to the Currency Law. There is a case where a hacker threatens to delete important company data and then extort so that the company can pay using Bitcoin, besides that there are also people who use Bitcoin as a means of payment transactions on luxury goods buying and selling sites using Bitcoin. Indonesians, especially mothers, generally call buying and selling Bitcoin similar to buying and selling gold. Bitcoin is considered a digital asset that can be bought and sold at any time based on market prices. Users of this Bitcoin service can sell their digital assets when the price rises, meaning it is profitable for its users. This shows that currently Bitcoin has become part of community transactions, especially transactions on online buying and selling provider sites and investments that use bitcoin transactions.⁵

In bitcoin transactions, buyer and seller data is automatically stored on the Bitcoin database network. Bitcoin transaction data in and out of Bitcoin is always recorded and disseminated openly, verified through computer networks using cryptography, connected *peer-to-peer*, and distributed throughout the vast network of computers of Bitcoin owners around the world. Bitcoins are not stored on an account like in a bank which can be frozen at any time but are stored in a computer wallet or called *file wallet* so that it can be controlled at any time. In transactions, there are no restrictions as transactions at banks. In a few years the price of bitcoin can become very high. Very different when compared to the value of the country's currency. This will be a loss if investors and *miners* withdraw funds and convert them into the country's currency because there is more conversion to the country's currency which results in massive inflation. Bitcoin will not be subject to inflation and will not be affected by the change of government. Bitcoin digital money can be considered a commodity item like gold. Of course, things like this make the country's currency increasingly worthless in *virtual* form and further damage the ecosystem in the international monetary system. One example is Indonesia as one of the developing countries that is unable to control *cryptocurrency* properly until the failure of utilization to achieve profits. The capabilities of the Indonesian state are still relatively

⁴ See Nakamoto, Satoshi. "Bitcoin: A peer-to-peer electronic cash system." *Decentralized Business Review* (2008): 21260. See also Popper, Nathaniel. "Decoding the enigma of Satoshi Nakamoto and the birth of Bitcoin." *New York Times* 15 (2015); Nakamoto, Satoshi. "Bitcoin open source implementation of P2P currency." *February* 11.2009 (2009): P2P; Berentsen, Aleksander. "Aleksander berentsen recommends "bitcoin: a peer-to-peer electronic cash system" by Satoshi Nakamoto." *21st Century Economics: Economic Ideas You Should Read and Remember* (2019): 7-8.

⁵ See Zams, Bastian Muzbar, et al. "Designing central bank digital currency for Indonesia: the delphi-analytic network process." *Buletin Ekonomi Moneter dan Perbankan* 23.3 (2020): 413-440; Alam, Syamsu, Muh Jamil, and Andi Syamsir. "Digital Currency in Indonesia (Prospects and Challenges in Inclusive Financial Reviews)." *Jurnal Administrare: Jurnal Pemikiran Ilmiah dan Pendidikan Administrasi Perkantoran* 9.2 (2022): 515-428; Nurullia, Syafira. "Menggagas Pengaturan dan Penerapan Central Bank Digital Currency di Indonesia: Bingkai Ius Constituendum." *Journal of Judicial Review* 23.2 (2021): 275-290.

incapable. Another case with China which prohibits the use of *databases* outside of its country but by building a *virtual* monetary system as a provider and the government still has the authority to manage and review the system.⁶

Many investors and *miners* from the Indonesian state both on a small scale and on a large scale have high intellectuals. Of course, in terms of *virtual* individually, it will be easy to understand this bitcoin digital economy. Of course, this condition is very beneficial directly for individuals but has no meaning whatsoever by the Indonesian government. Things related to virtual can definitively be ascertained to be retail bank transactions in Indonesia or virtual trade. However, the rules that apply in Indonesia are very rigid and still traditional so that the use of virtual currency is only a substitute for transactions in virtual but requires valid physical evidence. By relying on digital communication and the use of encryption technology to ensure transaction security, Bitcoin makes Bitcoin a decentralized currency and removes the level of "power" of currency issuers, thus taking the digital currency market a step further. The emergence of Bitcoin has made a positive contribution to community financial innovation and alternative payments. However, the Indonesian government has not clearly announced the legality of this virtual currency. During this time, people thought that investing in Bitcoin is still attractive because the price of Bitcoin is still high so far. Peeter D. DeVries, optimistic that Bitcoin is still a baby will grow up.⁷ In fact, Bitcoin has the potential to become the world's largest commodity market holder. However, many economic observers also predict Bitcoin as "*digital gold*" will become an "*empty bubble*" that will one day burst without any value.

B. Digital Currency in Indonesia: Problems and Challenges in the Indonesian Legal System

Digital currency is a relatively new concept in Indonesia, but it has gained popularity in recent years as more people become interested in the potential of cryptocurrencies like Bitcoin. While digital currency is not yet widely used in Indonesia, there is growing interest in its potential as a means of conducting transactions, investing, and even as a store of value.

Despite the potential benefits of digital currency, there are several challenges associated with its adoption in Indonesia. One of the biggest challenges is the lack of

⁶ See Pintelas, Emmanuel, et al. "Investigating the problem of cryptocurrency price prediction: a deep learning approach." *Artificial Intelligence Applications and Innovations: 16th IFIP WG 12.5 International Conference, AIAI 2020, Neos Marmaras, Greece, June 5–7, 2020, Proceedings, Part II* 16. Springer International Publishing, 2020; Dörr, J., O. Kowalski, and S. I. Nevskiy. "Digitalization and monetary order: problems and prospects of cryptocurrency market regulation." *Terra Economicus* 17.4 (2019): 6-22; Harwick, Cameron. "Cryptocurrency and the problem of intermediation." *The Independent Review* 20.4 (2016): 569-588; Luchkin, A. G., et al. "Cryptocurrencies in the global financial system: problems and ways to overcome them." *Russian Conference on Digital Economy and Knowledge Management (RuDEcK 2020)*. Atlantis Press, 2020.

⁷ DeVries, Peter D. "An analysis of cryptocurrency, bitcoin, and the future." *International Journal of Business Management and Commerce* 1.2 (2016): 1-9. See also Aalborg, Halvor Aarhus, Peter Molnár, and Jon Erik de Vries. "What can explain the price, volatility and trading volume of Bitcoin?." *Finance Research Letters* 29 (2019): 255-265.

regulatory clarity around digital currency. The Indonesian government has taken some steps to regulate the use of cryptocurrencies, but there is still no clear legal framework governing the use of digital currencies in the country. This has created uncertainty for individuals and businesses who are interested in using digital currencies, as they are not sure what the legal implications of using them are.⁸

Another challenge is the lack of infrastructure for digital currency transactions. Unlike in some other countries, where digital currency exchanges and other infrastructure have developed to support the use of cryptocurrencies, in Indonesia, there is still a relatively underdeveloped infrastructure. This can make it more difficult for people to buy and sell digital currencies and may discourage some people from using them altogether. There are also cultural barriers to the adoption of digital currencies in Indonesia. Many people in the country are more comfortable using cash and may be wary of using digital currencies due to concerns about security and fraud. In addition, there are linguistic barriers to the adoption of digital currencies, as many people in Indonesia do not speak English, which is the primary language used in the digital currency world.

Despite these challenges, there are also opportunities for the adoption of digital currency in Indonesia. One of the main benefits of digital currencies is their ability to facilitate cross-border transactions without the need for intermediaries like banks. This could be especially beneficial in Indonesia, where many people work in the informal economy and may not have access to traditional banking services.

In addition, digital currencies could provide a means of financial inclusion for people who are currently underserved by traditional financial services. For example, many people in Indonesia do not have access to bank accounts or credit cards, which can make it difficult for them to participate in the formal economy. Digital currencies could provide an alternative means of payment and could help to bridge the gap between the formal and informal economies.

Overall, the adoption of digital currency in Indonesia is still in its early stages, but there is growing interest in its potential benefits. As the regulatory framework around digital currencies becomes clearer, and as infrastructure for digital currency transactions develops, it is likely that we will see greater adoption of digital currencies in Indonesia in the years to come. While there are certainly challenges to be addressed, the potential benefits of digital currencies suggest that they could play an important role in the country's economic development.

In the further context, the use of Bitcoin in Indonesia has been a contentious issue due to its ambiguous legal status. There are several problems associated with the use of Bitcoin in Indonesian Currency Law, including regulatory uncertainty, tax implications, and anti-money laundering concerns. One of the primary problems with

⁸ See Shcherbak, Sergii. "How should Bitcoin be regulated?." *European journal of legal studies* 7 (2014): 45-91; Hennelly, Jacqueline. "The Cryptic Nature of Crypto Digital Assets Regulations: The Ripple Lawsuit and Why the Industry Needs Regulatory Clarity." *Fordham Journal of Corporate & Financial Law* 27.1 (2022): 259-299; Tu, Kevin V., and Michael W. Meredith. "Rethinking virtual currency regulation in the bitcoin age." *Washington Law Review* 90.1 (2015): 311-348.

Bitcoin in Indonesian Currency Law is the lack of clear regulatory framework. While the government has made some efforts to regulate the use of cryptocurrencies, there is still a lack of clarity around how Bitcoin and other cryptocurrencies are classified and regulated. This creates uncertainty for individuals and businesses who may be interested in using Bitcoin, as they are not sure what the legal implications of doing so may be.

In addition to regulatory uncertainty, there are also tax implications associated with the use of Bitcoin in Indonesia. While there is no specific tax legislation that applies to Bitcoin, the Indonesian Tax Office has issued guidance stating that Bitcoin and other cryptocurrencies should be treated as assets and subject to capital gains tax. However, the guidance is not legally binding, and there is still some ambiguity around how Bitcoin should be taxed in practice.

Another problem with Bitcoin in Indonesian Currency Law is the potential for its use in money laundering and other illicit activities. Due to its decentralized nature and anonymity, Bitcoin can be used to transfer funds without leaving a trace. This makes it attractive to criminals looking to launder money or engage in other illicit activities. To address this concern, the Indonesian government has issued anti-money laundering regulations that require cryptocurrency exchanges to implement Know Your Customer (KYC) and Anti-Money Laundering (AML) procedures.⁹ However, the effectiveness of these regulations remains to be seen. Furthermore, the use of Bitcoin in Indonesia could also pose a threat to financial stability. Since Bitcoin is not backed by any government or central authority, its value is highly volatile and subject to speculation. This could create instability in the financial system and lead to economic disruptions.

Finally, there are also technical challenges associated with the use of Bitcoin in Indonesia. The country's internet infrastructure is still developing, and many people do not have access to high-speed internet. This can make it difficult for people to participate in the Bitcoin network and may limit the adoption of the technology. In conclusion, the use of Bitcoin in Indonesian Currency Law is a complex issue that requires careful consideration. While there are certainly benefits to the use of Bitcoin, such as its potential to facilitate cross-border transactions and provide financial inclusion for underserved populations, there are also significant challenges that must be addressed. These include regulatory uncertainty, tax implications, anti-money laundering concerns, potential threats to financial stability, and technical challenges. As the legal and regulatory framework around Bitcoin becomes clearer, it is likely that we will see greater adoption of the technology in Indonesia. However, it is important

⁹ See Campbell-Verduyn, Malcolm. "Bitcoin, crypto-coins, and global anti-money laundering governance." *Crime, Law and Social Change* 69 (2018): 283-305; Wronka, Christoph. "Anti-money laundering regimes: A comparison between Germany, Switzerland and the UK with a focus on the crypto business." *Journal of Money Laundering Control* 25.3 (2022): 656-670; Badawi, A. A., and Q. Abu Al-Haija. "Detection of money laundering in bitcoin transactions." *4th Smart Cities Symposium (SCS 2021)*. Vol. 2021. IET, 2021.

that these challenges are addressed to ensure that the benefits of Bitcoin can be realized without creating unintended consequences.

Conclusion

Bitcoin is a digital currency or *virtual currency* that emerged in 2009 by Satoshi Nakamoto based on *cryptography*. There are basically no legal provisions governing the Bitcoin currency. However, based on Article 2 of Law No. 7 of 2011 concerning Currency, Bitcoin is not legal tender in Indonesia. According to Nakamoto, Bitcoin is designed as an online payment system between sellers and buyers who are willing to transact directly without involving third parties so that it is more efficient. Nowadays Bitcoin has become part of the transaction community. Many investors and *miners* from the Indonesian state both on a small scale and on a large scale have high intellectuals. Of course, in terms of *virtual* individually, it will be easy to understand this bitcoin digital economy. Of course, this condition is very beneficial directly for individuals but has no meaning whatsoever by the Indonesian government. Bitcoin investment is still interesting because until now the price of Bitcoin is still very expensive. Indonesia is optimistic that Bitcoin that is still a baby will grow someday. In fact, Bitcoin has the potential to become the world's largest commodity market holder.

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