

INDONESIA'S LEGAL PROTECTION AGAINST BLOCKCHAIN TECHNOLOGY DEVELOPMENT RISKS: ANALYSING THE GLOBAL PERSPECTIVE ON CRYPTOCURRENCY REGULATION

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ABSTRACT

The current article examines Indonesia's legal protection through current national regulations and its sufficiency against inherent risks of blockchain technology development, especially cryptocurrency, by comparing them to other regulatory approaches around the globe. The lightning-speed of cryptocurrency's growth as a digital asset has created both economic opportunities yet legal issues, including the commonality of fraud, scams, and "rug pulls" due to inadequate consumer protection. As such, it is of no surprise that effective regulations are becoming a more common need. The research method applied is one of the normative legal research, implementing statute and case approaches. Primary legal materials include statutory regulations governing cryptocurrency in Indonesia, while secondary materials consist of academic literature, journal articles, and comparative regulatory studies from other jurisdictions. While Indonesia only recognized cryptocurrency as a digital, tradable asset rather than a legal tender, this function may still bring forth issues in the future as cryptocurrency is inherently decentralized. A contrario, regulatory frameworks implemented in jurisdictions such as the European Union, the United States, and Japan do recognize cryptocurrency as a legal tender and thus should face more issues. Yet, with effective strengthening of their legal framework, it may serve Indonesia to heed and take reference of those systems. In particular, Japan's licensing-based supervisory model could perhaps offer a relevant approach for improving legal protection and enhancing regulatory oversight in Indonesia's cryptocurrency ecosystem.

Key Words: Cryptocurrency Regulation; Blockchain Technology; Consumer protection; Financial Regulation

1. Introduction

With the rise of the Internet, humans have become more and more attached to their non-physical experiences. Be it the ease of online shopping, banking, or even health services, the digital era has no doubt reached the level it is now because it materializes a gift; accessibility. From the couch to the bed, the square rectangle we hold in our hands has the ability to do so much. It is only then predictable that people would see this opportunity as one to gain from. Nowadays, merely the concept of money itself has undergone plenty of fundamental changes. For centuries, the only conceivable financial systems were ones built on centralized institutions such as banks, in which the government would help facilitate and regulate one's own transactions. However, the 20th century has finally introduced alternative systems to these

previously-existing notions. A significant innovation which has emerged from this transformation is “blockchain technology,” a decentralized digital ledger system that allows transactions to be recorded securely and without the need for centralized intermediaries.¹ From this technological breakthrough emerged cryptocurrency, a form of digital asset that has rapidly evolved from an experimental financial idea into a global economic phenomenon.² In the year of 2026, cryptocurrency has become one of the most widely discussed and controversial developments in the global financial landscape.

Cryptocurrency first gained widespread recognition with the emergence of Bitcoin in 2009. Designed as a peer-to-peer digital currency operating without central bank oversight, Bitcoin introduced a novel concept of decentralized finance in which users could transfer value directly across the internet. The underlying blockchain technology promised transparency, immutability, and security through cryptographic verification mechanisms. Over time, the success of Bitcoin inspired the creation of thousands of other digital assets, transforming cryptocurrency into a global financial phenomenon and attracting investors, developers, and policymakers alike.³ Since the late 2010s, cryptocurrencies have experienced rapid growth and global adoption, transforming from a niche technological experiment into a multi-trillion-dollar digital asset market involving investors, financial institutions, and governments worldwide.⁴

Its widespread growth can largely be attributed to the expectations and perceived benefits associated with the technology. Advocates of cryptocurrency initially viewed it as a revolutionary financial instrument capable of solving several limitations of traditional financial systems. First, cryptocurrency promised financial decentralization by removing reliance on centralized institutions such as banks and governments. Second, it enabled faster and more efficient cross-border transactions, often at significantly lower costs compared to traditional banking systems. Third, blockchain-based assets offered transparency and traceability, which theoretically could reduce corruption, fraud, and manipulation within financial systems. In addition, many investors viewed cryptocurrency as an alternative investment asset capable of generating substantial financial returns due to its limited supply and speculative market dynamics.

Bitcoin in particular became one of the most valuable digital assets in modern financial history, with its market capitalization reaching hundreds of billions of dollars at various points in time. Its scarcity—limited to a maximum supply of twenty-one million coins—combined with increasing demand from institutional and retail

¹ Sambana, Bosubabu. “Blockchain Technology: Bitcoins, Cryptocurrency and Applications.” *arXiv* (2021).

² Corbet, Shaen, Brian Lucey, Andrew Urquhart, and Larisa Yarovaya. “Cryptocurrencies as a Financial Asset: A Systematic Analysis.” *International Review of Financial Analysis* 62 (2019): 182–199.

³ Böhme, Rainer, Nicolas Christin, Benjamin Edelman, and Tyler Moore. “Bitcoin: Economics, Technology, and Governance.” *Journal of Economic Perspectives* 29, no. 2 (2015): 213–238.

⁴ International Monetary Fund, *Global Financial Stability Report: The Crypto Ecosystem and Financial Stability Challenges* (Washington, DC: IMF, 2022).

investors significantly contributed to its rising value. Furthermore, the perception of Bitcoin as a hedge against inflation and traditional financial instability encouraged many investors to treat it as “digital gold,” further strengthening its position in the global financial market.

In practice, cryptocurrency has indeed delivered several positive contributions to the global financial ecosystem. Blockchain technology has enabled the development of decentralized finance (DeFi), smart contracts, and innovative digital payment systems that can increase financial inclusion, particularly in regions with limited access to traditional banking services. However, despite these promising advantages, the rapid growth of cryptocurrency has also generated significant legal and regulatory challenges. The decentralized nature of blockchain technology, combined with the absence of centralized oversight, has created opportunities for various forms of financial misconduct, fraud, and abuse⁵ and also doubly presents significant challenges for governments in designing effective regulatory frameworks.⁶ Without proper regulatory frameworks, cryptocurrency markets may become vulnerable to manipulation, money laundering, investment fraud, and large-scale financial scams and destabilize financial systems.⁷

Several high-profile cases illustrate the risks associated with poorly regulated cryptocurrency markets. One of the most widely publicized examples involves Sam Bankman-Fried, the founder of the cryptocurrency exchange FTX. Once regarded as one of the most influential figures in the cryptocurrency industry, Bankman-Fried was later charged with multiple counts of fraud and financial misconduct following the collapse of FTX in 2022.⁸ Investigations revealed that billions of dollars in customer funds were allegedly misused, leading to massive financial losses for investors worldwide.⁹ Thus, it clearly demonstrates the dangers of insufficient oversight within cryptocurrency exchanges and how weak governance structures lead to catastrophic consequences.

Another notable case involved the global Ponzi-scheme cryptocurrency project OneCoin, which defrauded investors of billions of dollars by falsely presenting itself as a legitimate digital currency investment opportunity.¹⁰ Similarly, numerous

⁵ Foley, Sean, Jonathan R. Karlsen, and Tālis J. Putniņš. “Sex, Drugs, and Bitcoin: How Much Illegal Activity Is Financed Through Cryptocurrencies?” *The Review of Financial Studies* 32, no. 5 (2019): 1798–1853.

⁶ Zetzsche, Dirk A., Ross P. Buckley, Douglas W. Arner, and Linus Föhr. “The ICO Gold Rush: It's a Scam, It's a Bubble, It's a Super Challenge for Regulators.” *Harvard International Law Journal* 60 (2018).

⁷ European Central Bank, *Crypto-Assets: Implications for Financial Stability, Monetary Policy, and Payments and Market Infrastructures* (Frankfurt: ECB, 2020).

⁸ Tiwari, Milind, You Zhou, Jamie Ferrill, and Marcus Smith. “Crypto Crashes: An Examination of the Binance and FTX Scandals and Associated Accounting Challenges.” *The British Accounting Review* (2025): 101584. <https://doi.org/10.1016/j.bar.2025.101584>

⁹ Möslin, Florian, and Alexander Vengius. “The Regulation of Initial Coin Offerings.” *European Company and Financial Law Review* 16, no. 5 (2019): 529–553.

¹⁰ Yustian, Adhe. “Fraud Diamond Theory pada Kasus Penipuan OneCoin.” *Jurnal Darma Agung* 31, no. 5 (2023): 61–68. <https://doi.org/10.46930/ojsuda.v31i5.3760>

decentralized finance projects have collapsed due to so-called “rug pull” scams, where developers abandon projects after collecting large sums of investor funds.

In response to these concerns, many countries have begun developing regulatory frameworks to address the legal implications of cryptocurrency and blockchain technology. For example, the European Union introduced the Markets in Crypto-Assets (MiCA) regulation to provide a comprehensive legal framework governing cryptocurrency activity within the region. Similarly, regulatory authorities in the United States have increasingly scrutinized cryptocurrency exchanges, token issuers, and digital asset markets to ensure compliance with financial regulations and investor protection standards.

In Indonesia, cryptocurrency is currently regulated primarily as a tradable commodity rather than as a currency. The regulatory authority responsible for overseeing cryptocurrency trading activities is *Badan Pengawas Perdagangan Berjangka Komoditi* (Bappebti), which operates under the Ministry of Trade. Bappebti has issued various regulations governing cryptocurrency trading platforms, licensing requirements, and approved lists of digital assets permitted for trading within Indonesian markets.¹¹ These regulations aim to provide a degree of legal certainty and consumer protection while allowing the continued development of blockchain-based financial innovation.

Nevertheless, questions remain regarding whether Indonesia’s existing legal framework is sufficient to address the rapidly evolving risks associated with cryptocurrency and blockchain technology. While Bappebti regulations exist, broader issues such as consumer protection, cybersecurity risks, financial fraud, and cross-border regulatory coordination may require more comprehensive legal approaches. As cryptocurrency adoption continues to expand within Indonesia, the need for effective regulatory mechanisms becomes increasingly urgent in order to safeguard public interests and maintain financial stability.

Previous studies have examined various aspects of cryptocurrency regulation, including financial risks, regulatory classification, and the role of government oversight in digital asset markets. Many scholars have analyzed how different jurisdictions regulate cryptocurrency exchanges, initial coin offerings, and digital asset taxation.¹² However, most existing research tends to focus either on economic impacts or comparative regulatory frameworks without sufficiently examining how global regulatory approaches may inform Indonesia’s legal protection mechanisms against the risks associated with blockchain technology.

This gap in the existing literature highlights the need for further research that specifically evaluates Indonesia’s current legal framework in relation to global

¹¹ Badan Pengawas Perdagangan Berjangka Komoditi (Bappebti), Peraturan Bappebti No. 5 Tahun 2019 tentang Ketentuan Teknis Penyelenggaraan Pasar Fisik Aset Kripto di Bursa Berjangka (Jakarta: Ministry of Trade, 2019).

¹² Houben, Robby, and Alexander Snyers. “Cryptocurrencies and Blockchain: Legal Context and Implications for Financial Crime, Money Laundering and Tax Evasion.” European Parliament Study / Journal of Financial Regulation (2018).

regulatory developments. By analyzing regulatory models adopted in other jurisdictions, it becomes possible to assess whether Indonesia's current approach adequately addresses the potential risks of cryptocurrency while still supporting technological innovation. Such analysis is particularly important in order to determine whether Indonesia should adopt additional legal safeguards or adapt international regulatory practices to strengthen its own system.

Therefore, the novelty of this research lies in its effort to analyze Indonesia's cryptocurrency regulatory framework through a comparative global perspective while focusing specifically on legal protection against the risks generated by blockchain technology. Unlike previous studies that primarily discuss cryptocurrency as an economic phenomenon, this study emphasizes the intersection between technological innovation, legal regulation, and the protection of citizens' rights in the digital financial ecosystem.

The urgency of this research is further reinforced by the increasing participation of Indonesian citizens in cryptocurrency markets. Without clear legal protection mechanisms, investors may become vulnerable to fraud, speculative bubbles, and financial instability. Effective regulation ensures market integrity alongside protecting fundamental economic rights, including the right to financial security and consumer protection within digital financial systems.

Based on the above background, this study aims to analyze the adequacy of Indonesia's current cryptocurrency regulatory framework and evaluate whether international regulatory approaches can provide useful references for strengthening legal protection mechanisms. Through this analysis, the research seeks to contribute to the development of more effective and balanced cryptocurrency regulations that support innovation while protecting the rights and interests of Indonesian citizens.

2. Research Method

The research used in this scientific article is a theoretical aspect of legal science, therefore, the normative legal research method is used within the context of legal science as a science of norms.¹³ The aim is to gather legal materials and information using various sources, such as those found in libraries and other scientific papers available online. Several approaches are recognized in legal research.¹⁴ The approaches used in this research are the statute approach and the case approach.¹⁵ This research uses a normative legal research method (normative juridical) which starts from the existence of normative problems, namely that cryptocurrency seemingly has a penchant to create legal issues such as frauds and scams when not intricately regulated. The issue on the table is whether such matters can indeed be subdued through better and more effective rules taken from laws across the globe.

In keeping with the normative nature of research, this study utilizes both primary and secondary legal materials. Primary legal materials are binding legal

¹³ Muhaimin, H. *Metode Penelitian Hukum*. 1st ed. Mataram: Mataram University Press, 2020.

¹⁴ *Ibid*, page 23.

¹⁵ *Ibid*, page 20.

materials in the form of statutory regulations.¹⁶ The secondary legal materials provide explanations of primary legal materials in the form of books or journals by legal experts,¹⁷ specialists, and scholars. The legal material search technique uses document study techniques, and the study analysis uses qualitative analysis.

3. Result and Discussion

3.1 Cryptocurrency Regulations in Indonesia

The regulatory landscape governing cryptocurrency in Indonesia reflects a hybrid legal approach that attempts to balance financial innovation with the preservation of monetary sovereignty and consumer protection. In normative terms, Indonesian law does not recognize cryptocurrencies as legal tender. Instead, they are classified as digital assets that may be traded for investment purposes under regulatory supervision and not currency, unlike other jurisdictions.¹⁸ This distinction is fundamental to Indonesia's legal approach because it allows the government to facilitate participation in digital asset markets while maintaining the exclusive authority of the state over the national currency.

The early regulatory framework for cryptocurrency trading in Indonesia was primarily governed by the Commodity Futures Trading Regulatory Agency (Badan Pengawas Perdagangan Berjangka Komoditi, or Bappebti), which operates under the Ministry of Trade. Bappebti regulations recognized cryptocurrency as a tradable commodity within the commodity futures trading system. This classification enabled the establishment¹⁹ of a legal infrastructure for crypto asset trading while ensuring that cryptocurrencies were treated as speculative investment instruments rather than monetary instruments.²⁰

Under this framework, Bappebti introduced several regulations that formalized the structure of crypto asset trading in Indonesia. These regulations required trading platforms to obtain licenses as "physical crypto asset traders" and comply with capital requirements, governance standards, and reporting obligations. In addition, the regulatory system established supporting institutions such as crypto asset exchanges, clearing institutions, and custodial entities responsible for safeguarding digital assets. The aim of this institutional architecture was to create a regulated market ecosystem that could ensure transparency, transaction security, and orderly trading activities.²¹

Another key element of Indonesia's regulatory regime is the whitelist system for tradable crypto assets. Regulators determine which cryptocurrencies may be legally traded on domestic exchanges by assessing factors such as technological reliability, market capitalization, and associated risks. Only cryptocurrencies included in this official list may be offered on licensed Indonesian platforms. The whitelist mechanism functions as a preventive regulatory tool designed to reduce exposure to highly speculative or fraudulent tokens.

¹⁶ *Ibid*, page 27.

¹⁷ *Ibid*, page 25.

¹⁸ Marian, Omri. "Are Cryptocurrencies Super Tax Havens?" *Michigan Law Review First Impressions* 112 (2013): 38–48.

¹⁹ Reuters, "Indonesia to Raise Tax Rate on Crypto Transactions," *Reuters*, July 30, 2025

²⁰ SSEK Law Firm, "From Bappebti to OJK: Indonesia's Crypto Regulation Just Changed," February 7, 2025.

²¹ Nusantara Legal Partnership, "Understanding the Transition of Supervisory Authority over Digital Financial Assets in Indonesia," 2025.

In addition to trading regulations, Indonesia has also implemented a taxation regime applicable to cryptocurrency transactions. Crypto trading activities are subject to specific tax obligations, including income tax and value-added tax on certain transactions. This fiscal framework reflects the state's recognition of cryptocurrency primarily as a taxable investment asset. The imposition of taxes on crypto trading also indicates the growing significance of digital asset markets within Indonesia's financial ecosystem.²²

A significant development in Indonesia's crypto regulatory framework occurred with the enactment of Law No. 4 of 2023 on the Development and Strengthening of the Financial Sector (Undang-Undang Pengembangan dan Penguatan Sektor Keuangan, or P2SK Law). This law introduced structural reforms in the supervision of digital financial assets, including cryptocurrencies. Pursuant to the P2SK Law, regulatory authority over crypto assets was gradually transferred from Bappebti to the Financial Services Authority (Otoritas Jasa Keuangan, or OJK).

The transfer of authority was implemented through Government Regulation No. 49 of 2024, which mandated the transition of regulatory and supervisory responsibilities for digital financial assets from Bappebti to OJK and, in certain aspects, Bank Indonesia. This transition was fully implemented in January 2025.²³ The regulatory shift represents a significant transformation in Indonesia's normative approach to cryptocurrency regulation. Whereas earlier policies treated crypto assets primarily as commodities within commodity futures trading law, the new framework situated digital assets within the broader financial services regulatory system.

Following this transition, OJK issued OJK Regulation No. 27 of 2024 on the Implementation of Digital Financial Asset Trading, which establishes licensing requirements, supervisory standards, and compliance obligations for crypto asset operators. The regulation mandates that digital financial asset trading platforms obtain regulatory approval and comply with governance requirements, risk management standards, cybersecurity measures, and consumer protection mechanisms.²⁴

Furthermore, crypto service providers must implement know-your-customer (KYC) and anti-money laundering (AML) procedures, similar to those applied in traditional financial institutions. These measures aim to prevent illicit financial activities and ensure that digital asset trading platforms operate in accordance with national financial regulations. The integration of such compliance mechanisms demonstrates Indonesia's effort to align its digital asset regulations with international financial regulatory standards.

The current regulatory framework therefore reflects a multi-institutional governance model involving OJK, Bank Indonesia, and other regulatory bodies. Through this framework, the Indonesian government attempts to foster innovation in financial technology while maintaining financial stability, ensuring regulatory oversight, and protecting investors.

From a theoretical perspective, the Indonesian approach to cryptocurrency regulation can be analyzed using several legal and regulatory theories. One relevant

²² ABNR Counsellors at Law, "Indonesia: Starting Off the Year with a New Era for Crypto Trading under OJK's Helm," February 2025.

²³ Otoritas Jasa Keuangan and Ministry of Trade, "Joint Press Release on the Transfer of Regulatory Authority for Digital Financial Assets," 2024.

²⁴ Indonesian National Police Public Affairs, "OJK Issues New Regulation on Crypto Assets Ahead of Supervision Transition," December 2024.

framework is the law and technology regulatory theory, which emphasizes the need for adaptive legal systems capable of responding to rapid technological change. This theory recognizes that emerging technologies often outpace traditional legal frameworks, requiring regulators to develop flexible and evolving regulatory instruments. Indonesia's gradual shift from commodity-based regulation to financial sector supervision reflects such adaptive regulatory behavior.²⁵

Another relevant analytical framework is risk-based regulation theory, which suggests that regulatory interventions should be calibrated according to the level of risk posed by a particular activity. In the context of cryptocurrency, regulators attempt to manage risks associated with market volatility, fraud, and financial instability through licensing requirements, asset whitelisting, and supervisory oversight. By imposing stricter requirements on crypto service providers, regulators seek to mitigate systemic and consumer risks while still allowing technological innovation.

Finally, the Indonesian regulatory model may also be understood through the lens of consumer protection theory within financial regulation. This theory emphasizes the role of the state in protecting investors from information asymmetry, market manipulation, and fraudulent schemes. Because crypto markets are highly volatile and technologically complex, retail investors often face substantial informational disadvantages. Regulatory measures such as licensing requirements, transparency obligations, and supervisory oversight are therefore designed to reduce these asymmetries and protect consumers participating in digital asset markets.

Despite the increasing sophistication of Indonesia's cryptocurrency regulatory framework, several structural limitations remain in its capacity to effectively prevent financial scams and protect citizens from harm. One major limitation arises from the jurisdictional boundaries of domestic regulation. Indonesian regulatory authorities primarily supervise licensed domestic exchanges and crypto asset operators. However, many cryptocurrency transactions occur on foreign platforms or decentralized networks that fall outside the jurisdiction of Indonesian regulators.

The borderless nature of blockchain technology enables Indonesian citizens to access overseas exchanges and decentralized finance platforms with relative ease. These platforms may not comply with Indonesian regulatory standards, yet they remain accessible through the internet. As a result, individuals may participate in high-risk or fraudulent investment schemes that cannot be effectively monitored or prevented by domestic regulators. Consequently, even a well-structured national regulatory system may struggle to address risks originating from transnational digital financial activities.

Another structural limitation relates to the technical characteristics of blockchain transactions themselves. Cryptocurrency transactions are typically pseudonymous and irreversible. Once funds are transferred to a fraudulent wallet address, recovering those funds becomes extremely difficult. While regulators may impose KYC obligations on licensed exchanges, fraudulent actors often exploit decentralized wallets or peer-to-peer transactions that bypass regulated intermediaries. This technological architecture reduces the effectiveness of traditional regulatory enforcement mechanisms.

²⁵ Arner, Douglas W., Janos Barberis, and Ross Buckley. "FinTech and RegTech in a Nutshell, and the Future in a Sandbox." *Research Handbook on FinTech and Blockchain / Journal of Banking Regulation* (2017).

Furthermore, the rapid pace of innovation within the cryptocurrency ecosystem creates persistent regulatory gaps. New developments such as decentralized finance platforms, algorithmic tokens, and cross-chain protocols frequently emerge faster than regulatory frameworks can adapt. Fraudulent actors may exploit these legal ambiguities to promote deceptive investment schemes that appear technologically legitimate but ultimately operate as Ponzi schemes or pump-and-dump operations.

From a broader socio-economic perspective, these vulnerabilities may pose significant risks for Indonesian citizens. Cryptocurrency investments are often promoted through social media, online communities, and digital marketing channels, which may amplify speculative narratives and misinformation. In the absence of strong financial literacy and effective investor education, individuals may be particularly susceptible to fraudulent schemes disguised as legitimate blockchain projects.

Therefore, although Indonesia has developed a relatively advanced regulatory framework for cryptocurrency trading, the current system may still be insufficient to fully prevent financial scams or protect citizens from investment-related harm. Addressing these challenges may require stronger cross-border regulatory cooperation, improved technological monitoring capabilities, enhanced consumer education programs, and more adaptive regulatory mechanisms capable of responding to the rapidly evolving digital asset ecosystem.

3.2 Positive Global Regulations on Cryptocurrency to be Implemented in Indonesia

The development of cryptocurrency as part of blockchain technology is an element of global trade transaction technology that is decentralized and operates without intermediaries. Cryptocurrencies related to blockchain technology include Bitcoin, Ethereum, and other crypto assets.²⁶ These characteristics have created many States to draft and subsequently enact laws and regulations in order to create legal certainty whilst protecting the consumers in using cryptocurrency. Some States across the world has laws which bestows permission and also recognizes cryptocurrency as a legal tender in business transactions, these are the European Union, the United States of America and Japan.

The European Union is one of the jurisdictions that has established a comprehensive legal regulatory framework for cryptocurrency through the Markets in Crypto-Assets (MiCA) regulation, which was adopted on 24 September 2020 as a legal framework for regulating the cryptocurrency market within the European Union. Cryptocurrency trading transactions are permitted in the European Union; however, their use is strictly supervised to prevent misuse, including activities related to money laundering and terrorism financing.²⁷ Within the European Union, cryptocurrency is generally regarded as a digital asset that falls under strict oversight within securities law and financial regulation.²⁸ The implementation of MiCA in the European Union

²⁶ Ali Hardana, Sulaiman Efendi Siregar, and Try Wahyu Utami, "Tantangan Hukum dalam Regulasi Cryptocurrency di Era Ekonomi Digital", *Jurnal Hukum Bisnis* 14, No. 4 (2025): 1.

²⁷ Joni Laksito, Dian Karisma, and Budi Hartono, "Tantangan Hukum dalam Regulasi Transaksi Kripto di Indonesia Antara Peluang dan Risiko", *JAKSA: Jurnal Kajian Ilmu Hukum dan Politik* 2, no. 4 (2024): 63.

²⁸ Wilda Malika Mufrihah and Nandang Najmudin, "Transformasi Hukum Dagang Internasional Di Era Teknologi Blockchain Dan Cryptocurrency", *IKRAITH-EKONOMIKA* 7, no. 3 (2024): 386.

serves to regulate the issuance and trading of cryptocurrencies while also reinforcing consumer protection in cryptocurrency transactions.²⁹

Unlike the European Union, which has a unified legal framework, the United States regulates cryptocurrency through three separate institutions, each possessing different authorities in overseeing cryptocurrency-related activities in trade: the Financial Crimes Enforcement Network (FinCEN), the Securities and Exchange Commission (SEC), and the Commodity Futures Trading Commission (CFTC). These institutions collectively define cryptocurrency as Convertible Virtual Currency (CVC), particularly within the framework of FinCEN. From FinCEN's perspective, cryptocurrency functions as a digital payment instrument that is subject to anti-money laundering provisions as stipulated in the Bank Secrecy Act of 1970.³⁰

Meanwhile, the SEC considers cryptocurrency to fall within the scope of securities, as regulated under the Securities Exchange Act of 1934, which emphasizes the protection of investors from fraudulent practices and market manipulation. On the other hand, the CFTC classifies cryptocurrency as a commodity, thereby subjecting it to the provisions of the U.S. Commodity Exchange Act of 1936.³¹ In brief, the legal regulation of cryptocurrency in the United States is governed through several key legislative frameworks, including the U.S. Commodity Exchange Act of 1936, the U.S. Securities Exchange Act of 1934, and the U.S. Bank Secrecy Act of 1970.³² Therefore, cryptocurrency regulation in the United States adopts a multi-regulatory framework, whereby supervisory authority is distributed among three institutions, each exercising oversight within its respective jurisdiction.

Japan, as a progressive East Asian country, has incorporated cryptocurrency into its trade and financial system. The country regulates the use of cryptocurrency through two legal frameworks: the Japan Payment Services Act of 2009 and the Japan Financial Instruments and Exchange Act of 1948.³³

Under the Japan Payment Services Act of 2009, cryptocurrency is defined as a form of payment property that can be used as a means of transaction and transferred electronically. The aforementioned definition emphasizes Japan's recognition of cryptocurrency as a digital payment instrument. Furthermore, the Japan Financial Instruments and Exchange Act of 1948 characterize cryptocurrency as Electronically Recorded Transferable Rights (ERTS) related to digital financial instruments. Consequently, parties conducting business activities involving cryptocurrency are required to register as business operators and obtain the necessary licenses from the relevant authorities. Through this regulatory framework, Japan recognizes cryptocurrency as a limited means of transaction, while ensuring transaction security and consumer protection.

Furthermore, the Japan Financial Instruments and Exchange Act of 1948 views cryptocurrency as Electronically Recorded Transferable Rights (ERTS) associated with digital financial instruments. *Ergo*, parties engaging in business activities related to cryptocurrency are required to register as business operators and obtain the necessary

²⁹ Hajrianto Tomia, Sudirman, and Wahyudi Umar, "Kepastian Hukum Cryptocurrency Dalam Transaksi Jual Beli E-Commerce", *Jurnal Rechtsens* 13, no. 2 (2024): 294.

³⁰ Dona Budi Kharisma and Ishaniar Uwais, "Studi Komparasi Regulasi Perdagangan Aset Kripto di Indonesia, Amerika Serikat dan Jepang", *PERSPEKTIF: Kajian Masalah Hukum dan Pembangunan* 28, no. 3 (2023): 145.

³¹ *Ibid*, page 146.

³² *Ibid*, page 149.

³³ *Ibid*.

licenses.³⁴ Japan also recognizes the existence of cryptocurrency as a limited means of transaction in order to ensure transaction security and consumer protection.

Based on the discussion of cryptocurrency regulation in the European Union, the United States, and Japan, these jurisdictions demonstrate different regulatory approaches toward cryptocurrency, as illustrated in the following table:

Table 1. Comparison of Cryptocurrency Legal Framework in European Union, United States, and Japan

State or a Collection of States	Legal Framework	The Meaning of Cryptocurrency within the Legal Framework of a State or Union States
European Union	Markets in Crypto-Assets (MiCA)	Digital Asset
United States	US Commodity Exchange Act 1936; US Security Exchange Act 1934; and US Bank Secrecy Act 1970.	Commodity; Securities; and Convertible Virtual Currency (CVC).
Japan	- Japan Payment Service Act 2009; and Japan Financial Instrument and Exchange Act 1948.	Payment Service; and Limited digital payment methods.

Source: Dona Budi Kharisma and Ishaniar Uwais, 2023

Based on the table above, the European Union has a unified legal framework, as cryptocurrency-related matters are regulated within a single regulatory instrument, thereby providing legal certainty and legal protection for cryptocurrency transactions within the European Union. In contrast, the United States adopts a more complex regulatory framework, involving multiple supervisory agencies with different authorities. Meanwhile, Japan recognizes the legal status of cryptocurrency as payment property and a digital payment instrument, although its use remains limited through licensing requirements imposed on relevant business operators.

Global legal regulations in various countries demonstrate differences in regulatory approaches, reflecting each country's legal system and economic policies. One positive regulatory framework that could be applied in Indonesia is the legal approach adopted by Japan. This is because Japan shares similarities with Indonesia in terms of its civil law system, which emphasizes written legislation and can therefore be more easily adapted within the Indonesian legal framework.³⁵ Furthermore, Japan implements strict supervisory mechanisms through the Japan Payment Services Act of 2009 and the Japan Financial Instruments and Exchange Act of 1948 to prevent criminal

³⁴ *Ibid*, page 147.

³⁵ Wilhemina Setia Admadja, Gavra Datadavie Ginting, Maheswari Queena Dewani, Jason Marvin Wijaya, Rastra Judea Satyawada Pattiwael, and Yudhiran R. V. M. Demonggeng, "Fault-Based Liability Vs. Strict Liability: Comparative Study of the Concept of Unlawful Acts Indonesia - Japan", *Journal of Social Research* 4, no. 11 (2025): 2973.

activities and the misuse of cryptocurrency. Japan's global regulatory framework may therefore serve as a useful reference for Indonesia in developing more comprehensive cryptocurrency regulations, even though such matters have already been partially regulated through Bappebti.

However, since the Law on the Development and Strengthening of the Financial Sector came into force—specifically through Article 8 point 4, which amends Article 6 paragraph (1) letter e of the Law on the Financial Services Authority (Otoritas Jasa Keuangan/OJK)—the regulation and supervision of cryptocurrency, which was previously under the authority of Bappebti, has been transferred to the Financial Services Authority (OJK). This transfer of authority reflects a shift in the regulatory paradigm for cryptocurrency in Indonesia, from being viewed primarily as a traded commodity toward a framework that is more closely aligned with the financial sector.

This development also demonstrates a similarity in the institutional supervisory systems for cryptocurrency trading between Indonesia and Japan, where oversight is concentrated in a single regulatory authority. In Japan, supervision is carried out by the Financial Services Agency of Japan (FSA), while in Indonesia it is conducted by OJK. Therefore, Japan's experience in regulating cryptocurrency can serve as an important reference for Indonesia in formulating a more comprehensive and integrated legal framework within the national economic system.

4. Conclusion

Indonesia's current governing regulatory framework on cryptocurrency is, in essence, a hybrid legal approach that recognizes cryptocurrency as a tradable digital asset and prohibits its use as legal tender. Initially supervised by the Commodity Futures Trading Regulatory Agency (Bappebti), cryptocurrency trading was regulated within the commodity futures trading system through licensing requirements and capital standards. However, following the enactment of Law No. 4 of 2023 concerning the Development and Strengthening of the Financial Sector (P2SK Law), regulatory authority over digital financial assets has been transferred to the Financial Services Authority (Otoritas Jasa Keuangan/OJK).

From a global perspective, different jurisdictions have adopted varying regulatory approaches toward cryptocurrency governance. The European Union implements a unified regulatory framework through the Markets in Crypto-Assets (MiCA) regulation, while the United States adopts a multi-institutional oversight model involving FinCEN, the SEC, and the CFTC. Japan, on the other hand, regulates cryptocurrency through the Payment Services Act and the Financial Instruments and Exchange Act, recognizing it as a form of digital payment property while maintaining strict licensing and supervisory requirements. Considering similarities in legal traditions and regulatory structures, the Japanese regulatory model provides a particularly relevant reference for Indonesia.

Therefore, it is recommended that Indonesia strengthen its cryptocurrency regulatory framework by adopting elements similar to Japan's approach, particularly through stricter licensing systems, centralized supervisory authority under OJK, and clearer legal provisions regarding digital asset operations. Such measures may contribute to enhancing legal certainty, improving consumer protection, and reducing the risks associated with cryptocurrency activities in Indonesia.

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