



GOVERNMENT ROLE ANALYSIS: CRYPTOCURRENCIES REVIEW OF THEORY, ISLAMIC LAW AND POLICY IN INDONESIA

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Abstract:

The development of an increasingly advanced world, of course, brings a change in the global order model. Under conditions of economic uncertainty both globally and domestically, as well as conditions where exchange rates tend to depreciate, people tend to hedge by purchasing assets that can be traded globally. The phenomenon of cryptocurrencies or what is understood as digital currency and this which is currently rife is becoming one of the activities for the world community. Indonesia is of course also not left behind, the government's action in supporting crypto asset trading is a form of strategy in accelerating, creating, and encouraging efforts to develop Indonesia's digital economy in 2030. In Indonesia, crypto currency has become the government's concern and has become an object regulated in regulation. The bibliographical analysis method in this scientific paper will describe the concept of the results of the analysis and innovations that have great potential for cryptocurrencies. The descriptive analysis provides a comprehensive overview of the research question how to trade cryptocurrencies in the perspective of Islamic law. Another goal is to understand the regulation, especially government policy, from a sharia perspective, the use of virtual currency as a legal payment method is still being debated. In this study, the views of scholars regarding the existence of cryptocurrencies will be conveyed through the interpretation of the perspective of Islamic law and their analysis in relation to the laws and regulations in force in Indonesia

Keywords: *cryptocurrency, virtual money, Islamic law, Government*

INTRODUCTION

The development of digitalization in the global era has a significant impact on people's needs. The means of payment is also a system parameter that cannot be avoided from the community's needs, which also impacts improving the digital economy. Along with the development of information technology, alternative instruments for making payments other than using currency and demand deposits have also developed, both domestically and internationally. This triggers various increasingly efficient, safe, fast and comfortable innovations. As part of the development of information technology, a new type of financial instrument, cryptocurrency, has been born and developed. This virtual currency can be used as a means of electronic transactions. In addition, the owners also use cryptocurrencies for investing and trading. Conducting business transactions online without involving intermediaries such as banks is easy. Quoted via liputan6.com Santia, Tira. (2022) explains that in 2020 the contribution of the digital economy will be recorded at only 4 per cent of GDP. However, in 2030, its contribution is projected to grow by 18 per cent.

On the other hand, the Ministry of Trade also projects that E-commerce (B2B and B2C marketplaces) will contribute the highest value to the Indonesian Digital Economy ecosystem, namely IDR 1,908 trillion. Furthermore, when viewed from the movement per sector in Indonesia's digital economy in 2021, it turns out that the frequency of visits to Indonesia's largest E-Commerce platform is more significant, namely 54 per cent (Tokopedia, Bukalapak, Blibli), compared to foreign-owned e-commerce which is only 46 per cent (Shopee, and Lazada). The projected value of Indonesia's Digital Economy Sector Gross Merchandise Value per sector in 2030 for e-commerce is Rp. 1,908 trillion, online travel is Rp. 575 trillion, online media is Rp. 191 trillion, ride-hailing is Rp. 401 trillion, and fintech is Rp. 324 trillion. The development of the digital economy with the rise of fintech makes of openings for cryptocurrency as a means of payment in society. The data on the percentage increase in digital economic activity reflects an increase in consumption in society through the massive circulation of digital currency as a means of transaction.

Various virtual transaction activities have become commonplace. Where Cryptocurrency acts as a digital currency in the transaction. In fact, in the current situation, most people are interested in investing in cryptocurrencies in the form of Bitcoin because they are considered very profitable, especially considering that the price continues to increase. People more often use cryptocurrencies for payment, investment, and trading.

Cryptocurrency emerged as an answer to the problems faced by the current payment system, which relies heavily on third parties as payment product issuing companies that are trusted to manage digital transactions, such as Visa, MasterCard, and PayPal. Cryptocurrency is the name given to a system that uses a cryptographic system to process data transmission securely and to process digital token exchanges across Indonesia.

Several types of Cryptocurrency besides Bitcoin are also widely used. Pros and cons in the community occur due to differences of opinion regarding Cryptocurrency. The circulation and emergence of Cryptocurrency currencies are very fast around the world and have great potential to influence the world economy. Cryptocurrency has been the first implementation of Blockchain technology, and its potential is not limited to payment systems. Decentralized applications can affect areas of life such as the economy, science, education, art, and culture (Shovkhalov & Idrisov, 2021).

The legality of Cryptocurrency as a means of payment and recognized currency in Indonesia still needs to be revised. It is feared that the price and distribution will fluctuate significantly in international economic stability if left unchecked (Nugraha, 2020). The price fluctuates, and the security that still has gaps makes the debate about Cryptocurrency like Bitcoin has yet to reach a bright spot. As reported by the press bi.go.id (2018), Ownership of virtual currency is very risky and full of speculation because there is no responsible authority, there is no official administrator, there is no underlying asset that underlies the virtual currency price and the trading value is very volatile. Hence, it is vulnerable to the risk of bubbles and prone to being used as a means of money laundering and financing terrorism, which can affect the financial system's stability and harm the public. This description explains the credibility of cryptocurrencies that have yet to legalize the pattern of money exchange and still need to meet standardization in Indonesia's currency type.

In contrast to the explanation above, although Cryptocurrency has the effect of convenience in transactions and reduces the efficiency of currency circulation through futuristic technology, this is certainly contradictory to the perspective of Islamic law. Some scholars think this form of digital currency does not have clarity and cannot be physically seen, allowing fraud to occur, making Cryptocurrency contain elements of Gharar. The perspective of Islamic law explains that means of payment is a means that Allah created to carry out and maintain the sophisticated system. These means are for achieving an end that is not in itself. The ultimate goal of money is to sustain one's worldly affairs to facilitate one's focus on the hereafter (Faraz Adam, 2018). The existence of an understanding of currency as a means of payment is contradictory to

Islamic law in line with the opinion of Karim (2001), who explains that the concept of money in Islam is a flow concept, where money must flow and must not settle and hoard in one place. Islam does not recognize the motive for the need for money for speculation because it is not permissible. Money is a public good belonging to the community; therefore, hoarding money left unproductive means reducing the amount in circulation, which will impact economic downturn and stagnation (stop). Money is a medium of exchange, but money is not a commodity. Classical economic terms state that money does not provide direct use, which means that if money is used to buy goods, then the goods will provide benefits. The conception of currency as a means of payment and exchange impacts this malfunction as a commodity, providing a concrete understanding of different religious perspectives on Cryptocurrency as a means of payment.

Based on the explanation of the problematic entities above, this writing explicitly raises Government Role Analysis: Cryptocurrency Theory Review, Islamic Law and Policy in Indonesia. The scope is narrowed down to a review of Islamic views along with an analysis of the policies that limit the existence of cryptocurrencies in Indonesia, including follow-ups to be described by the research team regarding several themes of this writing, including; 1) The theoretical basis for the government's regulation of the development of cryptocurrency in Indonesia, 2) Regulations for the application of regulations made by the government for the cryptocurrency phenomenon from an Islamic legal perspective, and 3) What steps have been taken by the Indonesian government for the cryptocurrency phenomenon to comply with the regulations and laws to be enforced.

RESEARCH METHODS

The writing of this article is based on a normative research model and process. In order to strengthen the analysis and refinement of the discussion, a qualitative approach with the Grounded theory model is carried out by researchers to draw generalizations about things that are observed inductively, emphasizing scientific theory and abstraction of the developmental interaction process based on the view of the research flow. There is a conceptual analysis based on a normative juridical approach based on various literacies such as laws and regulations, books, and journal articles that have validity from either primary or secondary legal sources and according to Lexy J Moleong; Weber explained about substance in research methodology that utilizes a set of procedures to draw appropriate and systematic conclusions from literature and supporting documents.

RESULTS AND DISCUSSION

Theoretical and Juridical Basis Regarding Regulating Cryptocurrency Existence in Indonesia.

The course of cryptocurrency circulation in Indonesia is indeed inseparable from the power of the law, which regulates it as a legal tender to become a limitation in realising economic growth through digital transactions. One study from Volpe, R. P., Kotel, J. E., & Chen, H. (2002) showed the results of a survey of 530 online investors to check their understanding of investment literacy. However, only 50% of the questions could be answered correctly. This data shows that the public's investment knowledge still needs to improve, including crypto investment. This condition may contain legal loopholes (flaws) that have the potential to be abused. Using online investment technology produces a new mode of fraud (Christy, E., 2018).

Some expert opinion suggests that Bitcoin cryptocurrency is a form of virtual currency. The FATF has defined the virtual currency itself as a digital representation of exchange rates that can be exchanged virtually and functions as (1) a medium of exchange; (2) one account unit; and (3) a store of value, but not legal tender in any jurisdiction. In addition, transactions executed using Bitcoin are still defined as a form of financial transaction (Financial Action Task Force, 2018). The form of transaction frequently used by the public, in general, is centralised in nature, while the

cryptocurrency pattern has a decentralised character. This is the main difference between the Rupiah currency and cryptocurrency. In line with this, crypto coins are a term to describe cryptocurrency as a digital asset that is built and stands on a separate blockchain network. An example of a crypto coin is Bitcoin which operates on the Bitcoin blockchain network. Cryptocurrency, made from a series of digital codes, does not have a physical form but is described as a coin. Cryptocurrency utilises cryptographic methods to transmit data safely and widely in exchanging digital tokens (Razzaq, 2018).

There are several similarities in the principles of digital currency within the scope of MMT (modern monetary theory). This premise is quoted from the modern philosophy of money theory to suppress the inflation rate based on digital finance. MMT, or modern monetary theory, is an approach to managing the economy. This theory was developed in the 90s by economist Professor Bill Mitchell and several academics from the United States, such as Professors Randall Wray, Stephanie Kelton, and banker Warren Mosler. In general, MMT is a method for the government or central bank to print or issue new money through fiscal policy, to move the economic engine through productive sectors such as construction projects or international trade that bring in foreign exchange for the country (Ramadhani, N. 2020). Whether many people and governments agree with this modern monetary theory is still being determined. However, what is clear is that the theory that sparked the idea to print as much new money as possible to deal with the global recession shortly has caused polemics among world economists. The concept of sustainability from the existence of MMT also reaps the paradigm of the spread of cryptocurrency digital currency with the transformation of a digital base that includes easy access to payments and becomes a catalyst for every digital transaction in Indonesia.

Furthermore, digital payment instruments transform from a conventional basis to digitization with a unit payment perspective through several currency functions that must be required according to statutory standards. However, until now, no laws and regulations require digital currency to be one of the means of payment standardized and have the force of law. The mapping analysis of cryptocurrency legislation in Indonesia is presented through the fishbone diagram concept below:

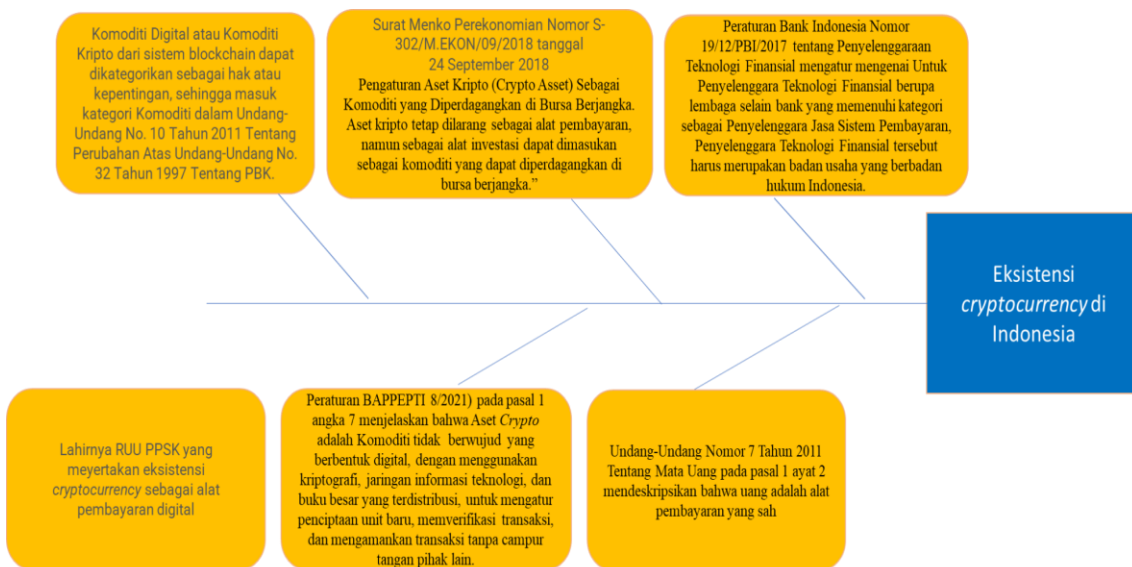


Figure 1. Fishbone diagram of cryptocurrency regulation analysis in Indonesia

Based on the fishbone analysis above, it can be explained that the milestone for establishing the legality of cryptocurrency begins with Law Number 7 of 2011 Concerning Currency in article 1 paragraph 2 which describes that money is a legal tender. More specifically, the definition of legal currency is made of metal and paper which has a unit value in the implementation of payment transactions. This Rupiah

currency has a very influential value on the development of the country's economy.

In terms of duties and functions as currency circulation organizer, Bank Indonesia itself has a control or supervisory function in the administration of payment instruments in Indonesia. Continuing the principle of currency as a legal tender, Bank Indonesia Regulation Number 19/12/PBI/2017 concerning the Implementation of Financial Technology stipulates that for a Financial Technology Operator in the form of an institution other than a bank that fulfills the category of Payment System Service Provider, the Financial Technology Operator must be an entity Indonesian legal entity. In this case cryptocurrency is formed by non-formal business entities that are based on the principle of technological innovation-based payment instruments which are vulnerable to speculative nature. So cryptocurrency cannot be used as a basis for means of payment and is a contradiction in laws and regulations.

Cryptocurrency is included in the form of virtual currency or in other words digital money issued by parties other than monetary authorities. There is no explicit regulation regarding Crypto currency in Indonesia that regulates this, but some people are familiar with the term Crypto Asset. Commodity Futures Trading Regulatory Agency Regulation Number 8 of 2021 concerning Guidelines for Organizing Crypto Asset Physical Market Trading (BAPPEBTI Regulation 8/2021) in article 1 number 7 explains that Crypto Assets are intangible Commodities in digital form, using cryptography, information technology networks, and distributed ledgers, to manage the creation of new units, verify transactions, and secure transactions without outside interference. based on these regulations it is explicitly clear that crypto assets cannot be used as the basis for legal tender. So far, juridically, crypto assets have only been used as intangible commodities, substantially only as a digital currency exchange tool and cannot be standardized as a means of payment in economic transactions in society. This explanation is in line with the opinion of Darmawan & Kamlet (2020) that currency is different from crypto coins which are decentralized and without going through financial institutions or bank intermediaries. Crypto has nothing or anyone to guarantee it, and it's the community of users who agree to use it. Commodity futures products like this cannot be traded with a direct sales scheme. Crypto assets can be traded as commodities in Indonesia. On the other hand, the existence of digital transactions is rife with the presence of digital platform variants to accommodate all the needs of society.

This also makes cryptocurrency a transaction tool that has a positive trend in the scope of digital transactions but cannot be used as a means of payment. Then, the government took concrete steps by issuing Coordinating Minister for the Economy Letter Number S-302/M.EKON/09/2018 dated September 24 2018 regarding the Follow-up Implementation of Coordinating Coordination Meeting on Crypto Asset Regulations (Crypto Assets) as Commodities Traded on the Futures Exchange. The appeal based on the letter is that crypto assets are still prohibited as a means of payment, but as an investment tool that can be included as a commodity and can be traded on futures exchanges.

The aspect of digital-based commodities is also in line with the study of CoFTRA, Digital Commodities or Crypto Commodities from the blockchain system can be categorized as rights or interests, so that they are included in the Commodity category in Law No. 10 of 2011 concerning Amendments to Law no. 32 of 1997 concerning CPB. Crypto Assets (Crypto Assets) are widely developed in society and deserve to be the subject of Futures Contracts on Futures Exchanges in the context of protection for the public and legal certainty for business actors, it is necessary to regulate Crypto Asset trading which is becoming a trend in today's society. Furthermore, Law Number 4 of 2023 concerning the Development and Strengthening of the Financial Sector (PPSK) regulates restrictions on activities based on crypto assets that can be carried out by the public.

This financial sector omnibus law contains the function of Bank Indonesia, which is the only institution authorized to manage digital rupiah. Described in terms of duties and functions, in carrying out digital rupiah planning, Bank Indonesia needs to

coordinate with the government. The basic substance that is used as a reference in this law is that the management of digital money must pay attention to aspects of providing digital money circulation in the community. Of course, this substance creates a contradiction regarding currency standardization based on Law Number 7 of 2011 Concerning Currency. The limited function of digital money makes OJK independent in regulating the existence and purpose of digital money circulation. This law also contains crypto assets included in the scope of ITSK, which is contained in Article 213. The Minister of Finance said that crypto transactions had been agreed upon to transfer oversight of digital financial assets, including crypto assets under the auspices of the OJK. This is done so that the regulation and supervision of digital financial assets is stronger, especially in terms of aspects of investor or consumer protection.

Islamic Law Perspective on Indonesian Government Regulations on Cryptocurrency in Indonesia. In early 2021, Bitcoin became one of the crypto assets whose value increased many times. If there is an increase, there must be a decrease. In the end, this unstable fluctuation in crypto assets created an exciting debate. In Indonesia itself, cryptocurrency trading is legalized in CoFTRA Regulation Number 5 of 2019 concerning Technical Provisions for Organizing the Physical Market for Crypto Assets on the Futures Exchange. Even so, this new regulation can still pose risks for cryptocurrency customers. Cryptocurrency as a means of payment is still being debated in Indonesia and other countries. One of them is that the elements and criteria for Bitcoin and other digital currencies have not been fulfilled as the applicable currency. Even Bank Indonesia prohibits the use of cryptocurrencies as a means of payment and only recognizes rupiah (Yulianto, M. I. A., 2021).

In 2008 marked the beginning of the cryptocurrency era. Bitcoin became the first Cryptocurrency to be introduced and started operating in 2009. Since then, the popularity of Bitcoin has increased, so other cryptocurrencies have become popular among investors and consumers. The use of digital currency like this has yet to be regulated in Indonesia. The reason is that it needs to meet the criteria as an official currency in Indonesia as stipulated in Law Number 7 of 2011 concerning Currency. Even from a Sharia perspective, the legality of Cryptocurrency is still a khilafat or debatable among scholars (Afrizal & Marliyah, 2021).

Cryptography became the basis for the idea of creating a new currency. Cryptocurrency is buying and selling digital currency through cryptography. Cryptocurrency is currently a digital currency that has not been regulated by the government and has not become an official currency. Currently, only six countries in the world legalize Bitcoin transactions, namely, Japan, the United States, Denmark, South Korea, Finland and Russia. Regarding legality, Cryptocurrency itself is widely opposed by agencies with authority in several countries. Money is only to meet transaction needs (money demand for transactions) and not for speculation (Kusuma, 2019). In Indonesia, there is no legality for Cryptocurrency from the government, and it still raises pros and cons (Khairunnisa Harahap, Tuti Anggraini, and Asmuni, 2022).

Prohibition by the Government against the use of cryptocurrency contained in article 1 paragraph (1) of Law Number 7 of 2011 concerning Currency prohibits the use of cryptocurrency including bitcoin as a legal means of payment. The law explains that what is called money is the currency that is officially issued by the government of the Republic of Indonesia and all transactions carried out in the Republic of Indonesia are using a currency that has been legalized, namely the Rupiah. Based on this law, Bank Indonesia stated that cryptocurrencies such as bitcoin and the like are not legal money that can be used in payment traffic. Financial institution actors are also prohibited from making payments with bitcoin and trading virtual currency. If someone violates it, there will be legal consequences (Novitasari, 2018).

The prohibition on the use of cryptocurrency as a transaction tool and the inclusion of investment instruments as commodities in futures exchange trading, was stated by BAPPEBTI in the Letter of the Coordinating Minister for the Economy Number S-302/M.EKON/09/2018 dated 24 September 2018, regarding the legal recognition of digital assets as commodities in futures trading. The purpose of this rule

is to attract investors and prevent investors from leaving Indonesia to look for countries or places that legalize cryptocurrency as an investment tool (Astutik, E. D., & Ghazali, M. L., 2022).

The MUI issued a Fatwa prohibiting the use of cryptocurrencies both as transaction instruments, investments, and as commodities because they are not in accordance with Islamic law. Prohibition of cryptocurrency as a virtual currency because it is *gharar* and *dharar* and is not in accordance with Law Number 7 of 2011 and Bank Indonesia Regulation Number 17 of 2015 concerning Obligation to Use Rupiah in the Territory of the Unitary State of the Republic of Indonesia. The use of cryptocurrency as a commodity or digital asset is illegal to trade because it is *gharar*, *dharar*, and *qimar*. Cryptocurrency is considered not fulfilling the *syar'i* requirements in terms of *syar'i*, that is, there is a physical form, it has value, the amount is known for certain, the right is owned, and it can be handed over to the buyer. However, if cryptocurrency can be utilized as a commodity or digital asset in accordance with the terms and conditions of *sil'ah* and has an underlying asset and is useful, then it is allowed to be traded (Santia, 2021). The law regarding Bitcoin when viewed from an investment perspective, based on Islamic law which is used as a legal basis, is equated with speculation (gambling) which has a very volatile value. Bitcoin in its transaction is unknown, neither its rotation nor the price that will appear in one bitcoin. besides not meeting all the criteria or principles of sharia investment (Rahman, M., Akhmad Muhaini, & Hasbi Ubaidillah., 2020).

The use of cryptocurrency is still a *khilafiah* among scholars in Islamic law. According to the fatwa of the Ulama, cryptocurrency contains elements of gambling/*maysir* and *ghoror*, something that is not physically clear. The prohibition of commodities that contain elements of gambling and physical abstraction is based on the foundation of the Al-Quran Surah Al Maidah, verse 90:

"O you who believe, in fact, drinking liquor, *maysir* (gambling), (sacrifice) to idols, and drawing fate with arrows is an abomination and includes the deeds of satan. So stay away from those (deeds) so that you will be lucky."

Cryptocurrency investments that contain elements of gambling are prohibited under Islamic law, as Allah says in this verse. *Maysir* can be interpreted as getting something very easily or getting profit without working (Chaudhry, 2012). *Maysir* is something that contains elements of gambling or betting or risky games (Dahlan, 2001). In this verse, Allah SWT punishes gambling as a heinous act and is an act of Satan that must be avoided. Buying and selling *gharar* causes losses because it contains elements of fraud. Therefore, the Prophet Muhammad SAW prohibited these buying and selling transactions. This prohibition can be found in the hadith of Musnad Ahmad bin Hanbal. One form of the Prophet's warning is the hadith narrated by Ahmad bin Hanbal in his musnad book; Bab Musnad Abdullah bin Mas'ud, hadith number: 3494.

Meaning: Having told us Muhammad bin As Sammak from Yazid bin Abu Ziyad from Al Musayyab bin Rafi' from Abdullah bin Mas'ud said, The Prophet Sallallahu' alaihi wasallam said: "Do not buy fish in the water because that is fraud." *Gharar* buying and selling occur due to uncertainty in the exchange. In the character of an exchange contract, certainty is required from all parties. The character of an exchange contract is to provide certainty, both in terms of amount and time; there should be no speculation. Uncertain exchanges can produce three possibilities: profit, loss or no profit and no loss (break even). Uncertainty due to exchange speculation is called their (*gharar*) and is prohibited in Islam. The *fiqh* scholars agree that buying and selling *gharar* is buying and selling that is not legal according to *syara'*. For example, buying and selling milk that is still in the glandular bag, fur on the animal's back, pearls that are still in the shell, animals that are still in the womb, fish that are in the water, birds in the air that have not been caught and buying and selling of other people's goods that are not yet caught. Still needs to be owned (Santosa, 2015).

The *Syafi'iyah* school forbids buying and selling *gharar*, so the law is invalid (cancelled) and forbidden. This is as stated by Imam al-Muzanni in the ninth book of *Mukhtasar Al-Muzanni' Ala Al Umm*, which states:

"Imam Syafi'i has said it: "Has informed us from Abi Hazim bin Dinar from Ibn Al-Musayyib that the Messenger of Allah has forbidden buying and selling that contains elements of fraud." He said he " forbidden the Prophet SAW from taking male animal insemination wages, and it is not permissible whatever the circumstances." Furthermore, the form of buying and selling gharar, according to our (mazhab), is selling something that does not exist, selling fetuses that are still in their mother's womb, and (selling) enslaved people who have run away, and selling birds and fish that have not been caught and all forms of buying and selling that much."

The same opinion was expressed by Imam Nawawi in the book *Syarah an-Nawawi' Ala Muslim* as follows:

"And as for the prohibition of buying and selling gharar, then that is a very noble basis from the basics of the book of buying and selling and for previous Muslims. And in this category there are so many problems that cannot be limited like selling runaway slaves, and selling something that doesn't exist, and selling something that is unclear, and selling something that he can't afford to hand over to the buyer and selling something that he hasn't. wholly owned by the seller, and sells fish in a lot of water, and sells milk that is still in the glandular bag, sells the fetus that is still in its mother's stomach, and sells some items that are piled up that are good on the outside and doubtful on the inside, and sell from several clothes existing ones, and selling goats from a group of goats, and many more like that, all of this is buying and selling that is vanity" (A'ini, 2018).

Imam Malik defines Gharar as buying and selling of objects that do not yet exist and whose quality cannot be known by the buyer. For example: buying and selling runaway slaves, buying and selling animals that have escaped from the owner's hands, or buying and selling of baby animals that are still in their mother's womb. According to Imam Malik, this sale and purchase is illegal trading because it contains an element of chance (Arif, 2019).

The Indonesian government's efforts towards cryptocurrency regulation in the analysis and perspective of legislation

Based on Article 202 of Bank Indonesia Regulation Number 23/6/PBI/2021 concerning Payment Service Providers (PBI 23/2021), the types of Cryptocurrencies currently developing include Bitcoin, BlackCoin, Dash, Dogecoin, Litecoin, Namecoin, Nxt, Peercoin , Primecoin, Ripple, and Ven. Various types of Cryptocurrencies are currently in the spotlight in international trade which are used as a means of payment for buying and selling online. In the current millennium era, the development of crypto currency investment is slowly becoming a trend among stock players to get long profits claimed by industry operators. The cryptocurrency stock exchange is a relatively new technology, so it is easy to attract the attention of millennials especially for young stock players who want to enter more profit and easier.

Bapperti said that in 2022 consumers as crypto investors would exceed 12.4 million people, which increased by 532 thousand people in terms of the number of investors in the previous year. This figure has far exceeded the number of capital market investors, which only amounted to 8.1 million people. Where crypto asset transactions have penetrated quite a significant number, IDR 83.8 trillion. Equity players in Indonesia are more interested in something new, making crypto currency investment easier to come to Indonesia. The following table uses cryptocurrencies in several countries:

Rank	Country	Percentage who reported owning cryptocurrency
1	Vietnam	41%
2	Indonesia	30%
2	India	30%
4	Malaysia	29%
5	The Philippines	28%
6	Belgium	26%
7	Hong Kong	26%
8	South Korea	23%
9	Brazil	22%
10	Italy	21%
11	The Netherlands	20%
12	Singapore	19%
13	Norway	17%

Gambar 2 : Persentase kenaikan penggunaan cryptocurrency di beberapa negara

Cryptocurrency, which is often known as digital currency, implements encryption schemes and has various forms for types of digital money throughout the world (Ilyasa, 2019). Cryptocurrency can be used as a means of payment, especially based on Indonesian law. The legality of the most popular crypto coin, namely bitcoin, is the subject of world conversation in various countries. The view which reaps the pros and cons of the legitimacy of bitcoin is that its value fluctuates. In economic activity, with the growing public awareness of digital technology in crypto, it creates individual reactions to use it in various financial transactions, such as sending, paying, and purchasing goods/services (Kadek Ida, 2022). Several data sources explain that the use of cryptocurrency is explained in the following figure:

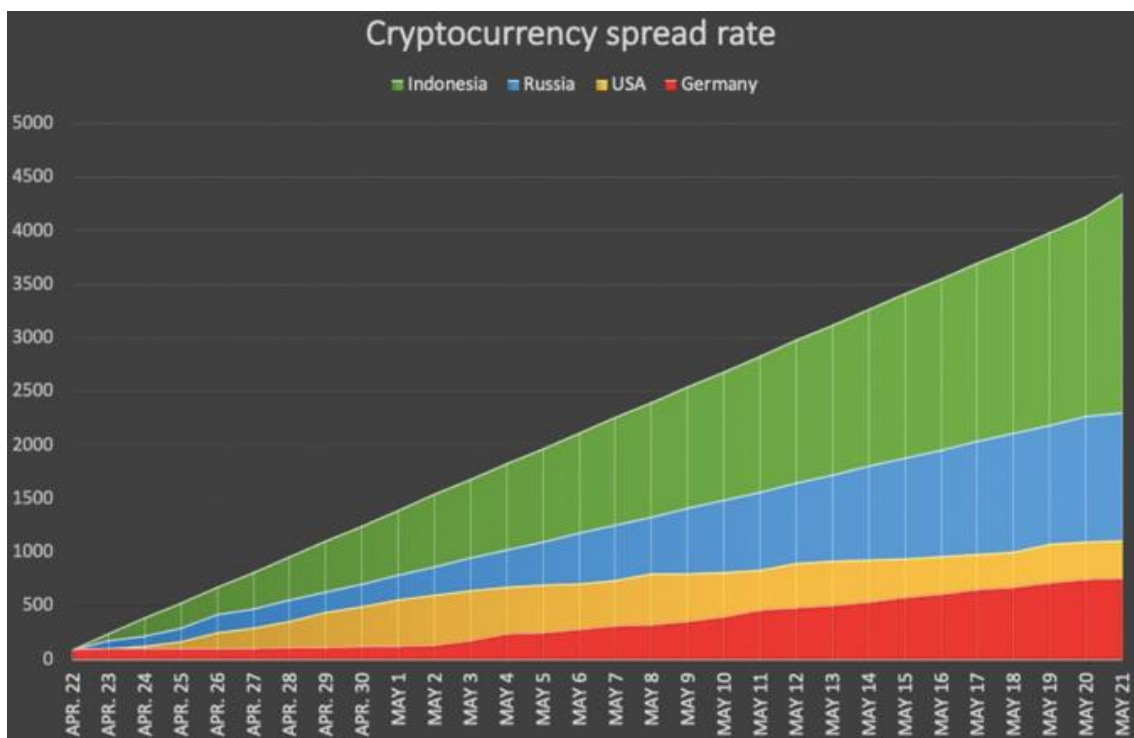


Figure 3: The development of the use of cryptocurrency in several countries Source: <https://bitocto.com/perkembangan-cryptocurrency-di-indonesia-sangat-pesat/>

According to the provisions in the regulations, it has also been explained that

money is legal tender and is issued by the Unitary State of the Republic of Indonesia, namely the rupiah. This digital money mechanism is seen as an alternative means of payment that is simple and effective so that it makes it easy to make transactions. The provisions regarding cryptocurrency apply globally, are decentralized and feel safe. The existence of this view can be seen that digital crypto money is growing rapidly due to the impact of technological developments. Crypto coin is a term to describe cryptocurrency as a digital asset that is built and stands on a separate blockchain network. An example of a crypto coin is Bitcoin which operates on the Bitcoin blockchain network. Cryptocurrency made from a series of digital codes does not have a physical form but is described as a coin. Cryptocurrency is something that utilizes cryptographic methods to transmit data safely and widely in exchanging digital tokens (Razzaq, 2018)

The development of Indonesia's rule of law is certainly not lagging behind in the regulation regarding the trending phenomena policy, namely cryptocurrency. This opportunity for commodities or buying and selling of currency assets electronically directs the Indonesian Government's efforts to compile various regulations and establish several rules to accommodate the interests of business processes and cryptocurrency transactions as a guideline and clarity for the public regarding government recognition of its presence.

Cryptocurrency, which has various kinds and types of models, is a phenomenon that must be addressed wisely and not necessarily ignore it because it is part of the times and technological developments that cannot be avoided. This will certainly make the government's efforts to have the obligation to make full efforts related to real regulations so that they can provide legal certainty for the community.

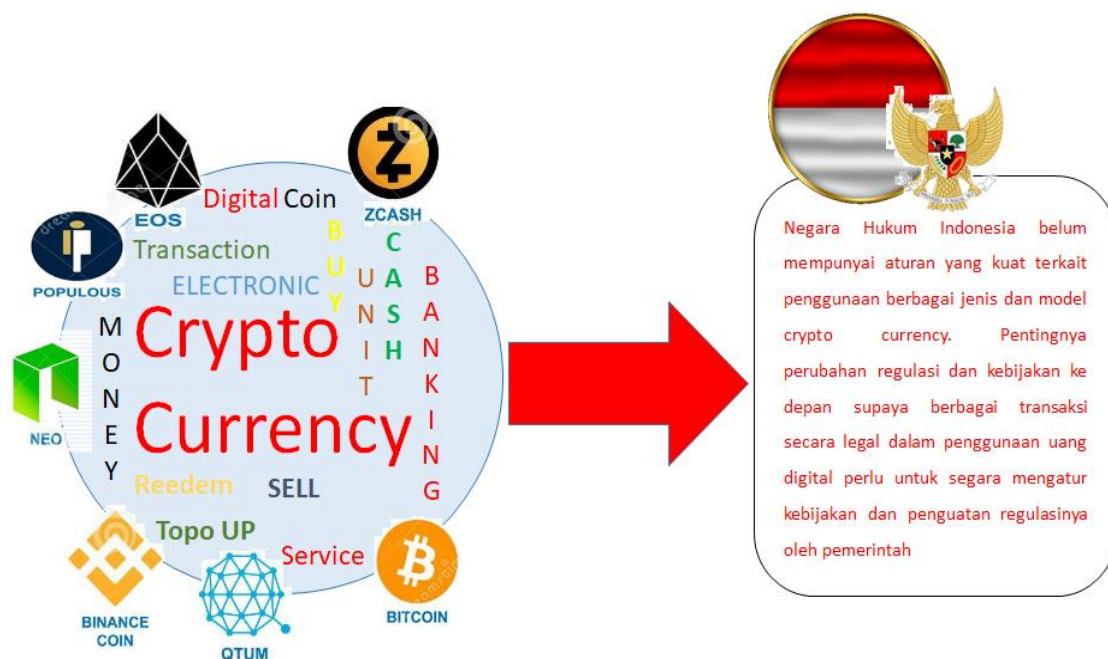


Figure 4: Cryptocurrency types and an overview of regulatory rules in Indonesia

The Ministry of Finance of the Republic of Indonesia explained in press release Number 3/KLI/2018 to strengthen the capabilities of Bank Indonesia (BI) as the monetary authority that must supervise and maintain the payment system by opposing cryptocurrency as a legal means of payment. So that people should also be more careful about using crypto coins or other virtual currency as a means of payment before some laws or regulations regulate clearly. Some of the current legal bases for trading cryptocurrencies are used as follows:

1. Law no. 10 of 2011 concerning Amendments to Law no. 32 of 1997 concerning Commodity Futures Trading, 2. Regulation of the Head of CoFTRA Number 3 of 2019 concerning Commodities that may be the subject of Futures Contracts, Sharia Derivative Contracts, and Other Derivative Contracts Traded on Futures Exchanges, 3. Regulation of the Minister of Trade Number 99 of 2018 concerning General Policy for Organizing Crypto Asset Futures Trading, 4. Regulation of the Commodity Futures Trading Regulatory Agency Number 2 of 2019 concerning Organizing the Commodity Physical Market on the Futures Exchange, 5. Regulation of the Commodity Futures Trading Regulatory Agency Number 5 of 2019 concerning Technical Provisions for Organizing the Physical Crypto Asset Market on the Futures Exchange, 6. Regulation of the Commodity Futures Trading Regulatory Agency Number 6 of 2019 concerning Implementation of the Anti-Money Laundering and Prevention of Terrorism Funding Programs Regarding the Implementation of Commodity Physical Markets on Futures Exchanges, 7. Commodity Futures Trading Regulatory Agency Regulation Number 9 of 2019 concerning Amendments to Commodity Futures Trading Regulatory Agency Number 5 of 2019 concerning Technical Provisions for Organizing the Physical Crypto Asset Market on Futures Exchanges, 8. Regulation of the Commodity Futures Trading Regulatory Agency Number 2 of 2020 concerning the Second Amendment to the Regulations of the Trade Supervisory Agency. Commodity Futures Number 5 of 2019 Technical Provisions for Organizing the Physical Crypto Asset Market on the Futures Exchange.

Submissions from Bank Indonesia (BI) explained that in the future, the central bank will still not plan to grant permission to use cryptocurrency assets to be used as a means of payment or digital currency. Referring to the discussion entitled Crypto Law & Regulations in Indonesia, cryptocurrency is not recognized as a legal means of payment. It cannot be used as a means of payment because it is against Law No. 7 of 2011 concerning Currency. Policies stated in the Indonesian currency that Rupiah is the only legal currency in Indonesia. Every transaction that has the purpose of payment is made in the territory of Indonesia, so cryptocurrency cannot meet the requirements outlined in this law and must be formulated to strengthen policies in the future according to the foundation of the influence of the current global phenomenon.

CONCLUSION

Based on several analyses carried out by researchers on scientific work on cryptocurrency, it can be synthesized that government regulation regarding cryptocurrency's existence has impacted public consumption and expanded digital transactions. However, from a juridical perspective, cryptocurrency cannot be standardized as a means of payment. Legitimate because there is a gap in fluctuating speculative values, and there is no authorized institution to standardize the value of the digital currency. Until now, the existing laws and regulations in Indonesia only limit the transactions allowed in cryptocurrency use. The view from the side of the Islamic law that something considered a bid/jaded/new thing in Islamic Sharia is commodity futures trading and the use of bitcoin cryptocurrency as a commodity subject. The concept of virtual currency or digital money that functions as a means of payment or exchange and transactions via the internet is commonly called cryptocurrency. Its nature is intangible and cannot be touched or felt, so Islam views money only as a medium of exchange, not as merchandise (commodity). The government needs to supervise the public against the use of cryptocurrency as currency because some regulations state that this virtual money is illegal in Indonesia and is punishable as an unlawful product from an Islamic perspective, even though this type of money is dominating in the current era.

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