

Review article

Juridical Analysis of the Duality of Cryptocurrency Status as a Payment Instrument and Investment Commodity in Indonesian Regulation

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Abstract. Cryptocurrency has emerged as a global innovation since the launch of Bitcoin in 2009, underpinned by blockchain technology that offers enhanced efficiency and transparency. Despite its potential, cryptocurrency presents complex legal challenges, particularly concerning its regulatory status. In Indonesia, cryptocurrency faces a dual regulatory framework: it is prohibited as a means of payment by Bank Indonesia pursuant to Law No. 7 of 2011 on Currency, yet simultaneously recognized as a tradable investment commodity by the Commodity Futures Trading Regulatory Agency (Bappebti). This study aims to analyze the implications of this duality for Indonesia's national regulatory system. Using normative legal research and a statutory approach, the study reveals significant legal uncertainty arising from institutional regulatory inconsistencies. Such uncertainty may impede innovation and compromise consumer protection. Therefore, regulatory harmonization is essential to ensure legal certainty and adaptability, drawing on the theories of legal certainty and progressive law.

Keywords: Cryptocurrency, Indonesia, Investment, Legal Certainty, Means of Payment

1. Introduction

Cryptocurrency has become a global trend that cannot be ignored in recent years. Starting with the emergence of Bitcoin in 2009, cryptocurrencies have evolved into various types of digital assets that dominate the global financial space. The underlying blockchain technology offers a wide range of benefits, from faster transactions, lower fees, to the concept of decentralization that challenges traditional financial structures. Behind this progress, cryptocurrencies also bring a number of complex challenges, especially in terms of regulation and oversight. Countries around the world are working hard to develop the right regulations to address the various potentials and risks posed by these digital assets. Indonesia, as a country with a rapidly growing digital economy, faces similar challenges in designing appropriate regulations for cryptocurrencies (Arner, Zohar, & Barberis, 2020; Zohar, 2020; Chohan, 2020).

In the face of the complexity of cryptocurrency regulation, two key legal theories become relevant: legal certainty theory and progressive legal theory. Legal certainty theory emphasizes the importance of order and predictability in the application of law. This theory

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encourages the establishment of clear and firm regulations to protect the stability of the financial system and provide certainty for market participants. Van Hoecke (2004) asserts that uncertain laws can hinder economic and social development, as uncertainty can lead to losses for market participants. In contrast, progressive legal theory considers that the law must be able to adapt to the dynamics of rapid social and technological change, including in this case the rapidly growing adoption of cryptocurrencies. Satjipto Rahardjo (2001) emphasizes that the law needs to move in accordance with the changing times to answer the evolving needs of society. Therefore, in the context of cryptocurrency regulation, there needs to be a balance between the application of definitive laws and the adaptation of laws that are responsive to technological developments, in order to create an effective and efficient system in regulating this dynamic market.

The Indonesian government, through Bank Indonesia (BI), has established a policy that prohibits the use of cryptocurrencies as legal tender. This is outlined in Law No. 7/2011 on Currency, which explicitly states that only rupiah is legal tender in the territory of Indonesia (Law No. 7/2011). This policy was implemented with the aim of maintaining the stability of the country's financial system, particularly with regard to monetary policy set by BI. The main concerns are the high volatility and risk of value uncertainty of cryptocurrencies that could destabilize the rupiah exchange rate, as well as potential misuse in illegal transactions that are difficult to detect due to their anonymous nature (Cohen & Kroszner, 2018; FATF, 2020).

However, on the other hand, the Commodity Futures Trading Supervisory Agency (Bappebti) as the authority overseeing the commodity futures market, recognizes cryptocurrency as an asset that can be traded on the futures market. This decision shows that Bappebti views cryptocurrency as an investment commodity that has great potential, both for investment portfolio diversification and for speculative gains. Regulations issued by Bappebti, such as Regulation Number 13 of 2022, allow the trading of crypto assets (Bappebti, 2022). In relation to the problems described, this research will discuss: "How is the legal regulation of cryptocurrency as a means of payment and investment commodity in Indonesian regulation" and "How does cryptocurrency regulation in Indonesia compare with Singapore, and what are the opportunities for regulatory harmonization to reduce legal uncertainty?"

2. Literature Review

2.1 Previous Research

Research conducted by (Sioe and Tanaya, 2024) discusses the duality of cryptocurrency regulation in Indonesia by highlighting the policies regulated through Bappebti Regulations Number 5 of 2019 and Number 11 of 2022, which recognize crypto assets as investment commodities, as well as the prohibition of their use as a means of payment by Bank Indonesia. The study found that while Bappebti's annual supervision has been effective in regulating

crypto trading activities, it still faces structural challenges. These include the absence of a unified dispute resolution mechanism and weak data integration and coordination between supervisory agencies, namely Bappebti, the Financial Services Authority (OJK) and Bank Indonesia. This research also identifies vulnerabilities to the misuse of cryptocurrencies for money laundering offenses as a consequence of policy fragmentation that has not been fully harmonized between relevant authorities. Research conducted by (Sioe and Tanaya, 2024) discusses the duality of cryptocurrency regulation in Indonesia by highlighting the policies regulated through Bappebti Regulations Number 5 of 2019 and Number 11 of 2022, which recognize crypto assets as investment commodities, as well as the prohibition of their use as a means of payment by Bank Indonesia.

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Research conducted by Wisnu (2021) and Sasa (2020) examines the use of Bitcoin as a medium of exchange in Indonesia by referring to the provisions of Article 1320 of the Civil

Code and Law Number 7 of 2011 concerning Currency. The study concluded that cryptocurrencies, including Bitcoin, do not qualify as legal tender in Indonesian territory, so their use in financial transactions has juridical implications. This study highlights the ambiguity of the legal status of crypto assets as the main problem, which has an impact on legal uncertainty for business actors and the wider community. In addition, this study criticizes the absence of a special supervisory institution that has comprehensive authority to regulate and supervise cryptocurrency transactions across sectors, which is considered important to create legal certainty and protection in the digital ecosystem.

Research conducted by (Muhammad Subhan, 2023) examines aspects of legal protection for cryptocurrency users in Indonesia within the framework of the supervision of the Commodity Futures Trading Supervisory Agency (Bappebti). This thesis assesses that although Bappebti has set standards for trading crypto assets, the existing regulations still have limitations in dealing with cybercrime, such as hacking and digital fraud. The research also shows that the implementation of the Electronic Information and Transaction Law (UU ITE) in crypto-related dispute resolution has not been optimized. In addition, significant challenges identified include the extremely high volatility of crypto prices and the absence of a specific legal umbrella governing peer-to-peer transactions, which has the potential to cause harm to users in the crypto trading ecosystem.

2.2 Theoretical Study

Cryptocurrency is a global phenomenon that revolutionizes the financial system with its characteristics of decentralization, anonymity, and blockchain technology. In the context of economic law theory, the existence of cryptocurrencies challenges the conventional paradigm of money and medium of exchange. According to the functional theory of money, an instrument can be categorized as money if it fulfills its functions as a medium of exchange, unit of account, and store of value. However, in practice in Indonesia, cryptocurrencies have not fulfilled these three functions fully, especially since they are not recognized as legal tender by the state. This shows the tension between the development of financial technology and the conservative legal system (Afrizal, et al. 2021).

From the perspective of regulatory theory and positive law, the state has the authority to regulate and restrict financial instruments in order to maintain economic stability and protect the public interest. In this case, Law No. 7/2011 on Currency explicitly stipulates that the only legal tender in the territory of Indonesia is the Rupiah. Therefore, the use of cryptocurrency as a means of payment has no legal basis in Indonesia. In contrast, through Bappebti Regulation Number 8 of 2021, the government recognizes cryptocurrencies as digital commodities that can be traded on futures exchanges. This duality reflects the separation between the monetary and investment dimensions in the legal regulation of cryptocurrencies (Muhammad Habibullah, et al. 2025).

Studies from the perspective of normative dualism theory show that legal norms can be pluralistic in response to entities that have multipurpose characteristics such as cryptocurrencies. This duality of status indicates that the state takes an adaptive and selective regulatory approach: rejecting the legality of cryptocurrencies in their monetary function but making room for their utilization as investment instruments (Tanaya, 2024). However, this approach also poses juridical challenges, particularly regarding consumer protection, legal certainty, and the integration of cross-sectoral supervisory systems. Therefore, a comprehensive juridical study is needed to formulate a more consistent, progressive, and contextual regulatory model for the dynamics of cryptocurrency in Indonesia (Laksito, et al. 2024).

3. Research Methods

The research method used by the author is the normative legal research method (Diantha, 2017). Regarding the problem approach, the author uses a statutory approach (statue approach). For legal materials, the author gets from books, journals, essays, and writings that support this research. Then the data obtained by the author is collected using library techniques, descriptive recording techniques by concluding deductively. Furthermore, it is processed with legal argumentation systematically in order to provide the best output in this study.

4. Results and Discussion

4.1 Legal Analysis of Cryptocurrency as a Payment Instrument in Indonesia

In the context of Indonesian law, the use of cryptocurrency as a means of payment is regulated in Law Number 7 of 2011 concerning Currency, which explicitly states that the only legal tender in Indonesia is the rupiah. Article 2 paragraph (1) of this law states that only the national currency is recognized as legal tender in transactions in Indonesia. This creates a clear legal basis regarding the legal position of cryptocurrencies in Indonesia, which essentially cannot be used as legal tender in the country's economic system. Thus, Bank Indonesia's (BI) policy prohibiting the use of cryptocurrencies as legal tender is based on the principle of state currency sovereignty and to maintain the stability of the payment system in Indonesia (Cohen & Kroszner, 2018; Zohar, 2020).

BI's ban on the use of cryptocurrency as a means of payment aims to protect the sovereignty of Indonesia's currency, the rupiah. This principle of sovereignty asserts that the state has the exclusive authority to determine the legal currency circulating in its territory. Bank Indonesia, as an institution authorized to regulate monetary policy and payment systems, strives to maintain the stability of the national financial system. Cryptocurrencies, with their decentralized nature and not being tied to a country's monetary policy, could

destabilize the Indonesian economy. The highly volatile value of cryptocurrencies that cannot be controlled by any central bank or state institution makes it a great risk to be used as legal tender (Arner et al., 2017; Nakamoto, 2021). This can lead to uncertainty in transactions and lower public confidence in the country's currency, which in turn can affect inflation and purchasing power.

In addition, the anonymity of cryptocurrencies opens the door to illegal practices such as money laundering, terrorism financing, and other illegal activities. With no authority directly overseeing transactions, this decentralized system poses a major challenge for governments in ensuring the security and transparency of financial transactions. Many countries are concerned that the use of cryptocurrencies could facilitate money laundering and terrorism financing, given their anonymous nature and not being tied to a single national authority (Zohar, 2020; Hassan, 2019). Global Financial Supervisory Authorities, such as the Financial Action Task Force (FATF), have warned of the potential risks associated with unsupervised cryptocurrency transactions (FATF, 2020). Therefore, BI's policy prohibiting its use as a means of payment also aims to maintain the integrity of Indonesia's financial system.

The use of cryptocurrency as a means of payment can also disrupt national monetary and economic policies. Bank Indonesia has the authority to manage inflation, interest rates, and fiscal policy to ensure the country's economic stability. If cryptocurrencies are widely used as a means of payment, the control over Indonesia's monetary policy could be hindered. Since cryptocurrencies cannot be influenced by the policies of Indonesia's central bank, this could lead to high volatility in the economic system and destabilize it (Pereira & Nguyen, 2021; Cohen & Kroszner, 2018). Therefore, Bank Indonesia prefers to maintain its influence on the existing exchange rate and payment system by limiting the use of cryptocurrencies in this sector.

In the context of cryptocurrency regulation in Indonesia, the theory of legal certainty is reflected in Law No. 7/2011 and Bank Indonesia policies that provide a clear and fixed legal basis. This law creates stability and predictability in the payment system by establishing the rupiah as the only legal currency. This firmness provides clarity for economic actors and the public regarding the applicable rules, ensuring that all financial transactions in Indonesia are conducted with the state-recognized currency (Hassan, 2019; Arner et al., 2017). However, this overemphasis on legal certainty can lead to rigidity in the face of highly dynamic social and technological changes, such as the rise of cryptocurrencies and blockchain (Arner et al., 2020).

On the other hand, progressive legal theory suggests that the law should be responsive to social change and rapid technological developments. In this case, while the law and BI policy provide legal certainty, cryptocurrency regulations should be evaluated periodically so

as not to hinder innovation and advancement of emerging financial technologies. The Indonesian government needs to develop a more adaptive legal approach to ensure that regulations remain relevant to market needs and provide maximum economic benefits. In this regard, progressive legal theory emphasizes that laws should not only provide certainty, but should also be able to support technological advancements that can benefit the economy (Sullivan & Heller, 2021; Pereira & Nguyen, 2021).

Although Bank Indonesia's policy banning cryptocurrencies as a means of payment aims to maintain the stability of the financial system and the sovereignty of the country's currency, there are challenges associated with rapid innovation in the financial technology sector. Therefore, a balance between legal certainty and flexibility is needed in responding to technological developments, such as cryptocurrencies. Comprehensive and adaptive regulations are needed so that Indonesia can maintain economic stability while not hindering the potential benefits to be gained from this new technology. In the long run, it is important for the government to update regulations with continuous evaluation to keep up with global developments (Hassan, 2019; Sullivan & Heller, 2021).

4.2 Legal Analysis of Cryptocurrency as an Investment Commodity

In Indonesia, the Commodity Futures Trading Supervisory Agency (Bappebti) recognizes cryptocurrency as a crypto asset that can be traded as a commodity on the futures market. This recognition is stated in Bappebti Regulation Number 13 of 2022 concerning amendments to Bappebti Head Regulation Number 7 of 2020 which regulates the list of crypto assets that can be traded on the crypto asset physical market. This step is the government's response to the rapid development of financial technology and cryptocurrencies that are increasingly globalized. By recognizing cryptocurrencies as commodities, the government seeks to create a more stable foundation for the regulation of digital transactions, while keeping the market transparent and safe. This is in line with efforts to balance technological progress with the interests of consumer protection and economic stability (Zohar, 2020; Hassan, 2019). The move opens up opportunities for investors to engage in the cryptocurrency market in an organized and safer manner, although this market remains faced with extremely high volatility (Arner et al., 2020; Nakamoto, 2021).

As an investment instrument, cryptocurrencies provide a great opportunity for investors to diversify their portfolios, while opening up significant speculative profit opportunities. As technology evolves and the adoption of cryptocurrencies increases around the world, the demand for these crypto assets continues to grow. Major countries such as the United States and Japan have recognized cryptocurrencies as a legitimate asset class, although each country has a different approach to regulating them (Zohar, 2020; Nakamoto, 2021). For example, in Japan, cryptocurrencies are regulated as a legal form of payment under the law, whereas in the United States, they are more heavily regulated as property for tax purposes

and financial transactions (Hassan, 2019; Arner et al., 2020). This reflects the vast differences in how countries recognize and manage the cryptocurrency market, which also affects how regulation in Indonesia needs to adapt to global market dynamics.

However, the recognition of cryptocurrency as an investment commodity in Indonesia is not without its challenges. Juridically, Bappebti's move to classify cryptocurrencies as commodities marks a significant shift in Indonesia's financial market regulatory paradigm. It requires the government to adapt the existing legal framework to evolving market conditions. This recognition also introduces new challenges related to supervision and investor protection. Bappebti requires that all traded crypto assets must be registered and supervised to prevent non-transparent trading practices and to reduce the risk of price manipulation that could harm investors (Pereira & Nguyen, 2021; Sullivan & Heller, 2021). This strict oversight is crucial as the inherent uncertainty of the cryptocurrency market can be a conduit for market abuse or manipulation, as has been seen in several global crypto exchanges (Hassan, 2019; Zohar, 2020).

From the perspective of legal certainty theory, this Bappebti regulation provides much-needed legal clarity for cryptocurrency investors and market participants in Indonesia. With clear regulations in place, investors can get definitive guidance on the legality and mechanism of cryptocurrency trading as a commodity. This legal certainty is crucial to creating market stability and maintaining investor confidence, which in turn can strengthen Indonesia's position in the global market (Zohar, 2020; Nakamoto, 2021). It can also reduce the potential for future legal disputes that could arise due to the unclear legal status of cryptocurrencies in Indonesia.

However, from the perspective of progressive legal theory, this regulation should not only provide certainty, but should also be responsive to technological change and rapidly evolving market dynamics. The law must be able to adapt and update itself along with technological advances and innovations in the digital finance sector. Thus, Bappebti needs to continue to monitor the development of the cryptocurrency market and adjust existing regulations to remain relevant, effective, and able to protect investors, as well as encourage innovation in this sector. Responsive regulatory development is necessary to keep Indonesia competitive in an increasingly dynamic global market (Arner et al., 2020; Pereira & Nguyen, 2021).

One important aspect of the regulation of cryptocurrency as an investment commodity is consumer protection. Although Bappebti has introduced several measures to improve market transparency and oversight, major challenges remain related to security and consumer protection issues. The cryptocurrency market is notorious for high volatility, and many new investors do not fully understand the risks involved. In the absence of clear regulations, investors could fall for non-transparent practices, which could lead to substantial losses.

Therefore, the Indonesian government should develop policies that not only focus on regulating transactions, but also on educating the public about the potential risks and benefits of cryptocurrencies (Hassan, 2019; Sullivan & Heller, 2021). In addition, more comprehensive regulation could include strengthening the technological security systems used by crypto exchanges to avoid potential theft of investor data or funds, which is a frequent problem in global crypto markets (Pereira & Nguyen, 2021; Nakamoto, 2021).

Overall, the recognition of cryptocurrency as an investment commodity by Bappebti is a positive step in creating a more transparent and organized market ecosystem. However, to ensure the effectiveness of these regulations in protecting investors and maintaining market stability, existing regulations need to be continuously evaluated and adjusted to technological developments and global market dynamics. Given that cryptocurrency is an evolving technology, the Indonesian government must show flexibility and responsiveness in regulating this market. Therefore, a progressive and adaptive legal approach is needed to maximize the benefits that can be derived from this financial technology, while maintaining the integrity and stability of Indonesia's financial markets (Sullivan & Heller, 2021; Hassan, 2019).

4.3 Legal Implications of Regulatory Duality

The existence of the dual status of cryptocurrency, both as a means of payment and as an investment commodity in Indonesia, has significant and complex legal implications. This uncertainty regarding the legal status of cryptocurrencies has various consequences, both for market participants, the government, and the public. The uncertainty that occurs not only creates obstacles in regulating the rapidly growing digital financial sector, but also has the potential to destabilize the national economy and finance. This regulatory uncertainty also allows for harmful practices to occur, which in turn can affect the integrity of the country's financial system (Zohar, 2020). In addition, the divergent views between government agencies exacerbate the situation (Sullivan & Heller, 2021).

One of the main impacts of the duality of cryptocurrency regulation is legal uncertainty. Bank Indonesia (BI) prohibits the use of cryptocurrencies as legal tender based on Law No. 7/2011 on Currency, which only recognizes the rupiah as the legal currency in Indonesia. However, on the other hand, the Commodity Futures Trading Supervisory Agency (Bappebti) considers cryptocurrencies as commodities that can be traded in the futures market (Bappebti, 2021). This policy discrepancy creates confusion among market participants, who struggle to determine whether their cryptocurrency transactions are legitimate or not, especially in relation to its status as a means of payment or as a commodity. This lack of clarity can exacerbate legal uncertainty and potentially harm investors, as they do not receive adequate legal protection (Kurniawan, 2021). Even at the international level, this lack of clarity risks causing large market shifts and increased volatility (Nakamoto, 2021).

This lack of regulatory clarity also affects the utilization of cryptocurrencies in everyday life. Although Bank Indonesia prohibits its use as legal tender, in reality, cryptocurrencies are still used by some, both for investment and international transactions. For example, some online platforms and digital stores accept cryptocurrency as an alternative payment (Pereira & Nguyen, 2021). Although regulations prohibit the official use of cryptocurrencies, transactions using these digital currencies continue to occur. This indicates a gap between regulations and practices on the ground. The irregular use of cryptocurrencies poses a high risk to consumers, as they do not receive sufficient legal protection in their transactions. In addition, such practices may increase risks related to money laundering and terrorism financing, which are concerns at the global level (World Economic Forum, 2020).

This duality of regulation also poses a major challenge for the government in conducting oversight of the cryptocurrency market. The Indonesian government is responsible for maintaining the stability of the financial system and preventing misuse of technology, such as money laundering and terrorism financing. However, the lack of clear regulations on the use of cryptocurrencies makes oversight very difficult. The cryptocurrency market operating globally further complicates oversight as many platforms do not fall under Indonesian jurisdiction. Without clear regulations, it is difficult for the government to implement effective surveillance policies. This potentially creates a loophole for illegal practices that can harm the country and society (Sullivan & Heller, 2021; Nakamoto, 2021).

From the perspective of legal certainty theory, this regulatory duality has the potential to undermine the stability of Indonesia's financial system. Law No. 7/2011 provides clear guidelines regarding legal currencies, but Bappebti's policy of recognizing cryptocurrencies as commodities may create its own confusion (Zohar, 2020). This lack of clarity could undermine market confidence in government policies and potentially create instability in the financial system. If investors are uncertain about the legal status of cryptocurrencies in Indonesia, they may avoid investing in the sector, which could ultimately hurt the country's economy (Sullivan & Heller, 2021).

However, from the perspective of progressive legal theory, this duality of regulation can be seen as an attempt by the government to adapt to technological developments and innovations in the digital financial sector. Bappebti's policy of recognizing cryptocurrencies as investment commodities shows flexibility in the face of changing times (Arner et al., 2020). However, to create an effective legal system, this flexibility must be supported by clearer and more structured regulations. Without proper regulation, innovations in the cryptocurrency market can be very risky and difficult to control. Therefore, Indonesia needs a regulatory system that not only addresses legal challenges but also supports safer and more controlled technological development (Nakamoto, 2021).

To overcome the problems arising from this regulatory duality, Indonesia needs to formulate more comprehensive and coordinated regulations between various government agencies. Policies that cover the use of cryptocurrencies in all aspects of life, including for transactions, investment, and trade, can provide legal clarity for market participants. The government should work to create policies that support the development of the digital economy, while maintaining protection for consumers and adequate supervision (Kurniawan, 2021). With more comprehensive and coordinated regulations, Indonesia can maximize the potential of cryptocurrency technology without neglecting aspects of security and economic stability (Pereira & Nguyen, 2021).

4.4 Comparative Study: Cryptocurrency Regulation in Indonesia and Singapore

To understand the differences in cryptocurrency regulation across countries, Singapore is an interesting country to compare with Indonesia. The country has developed policies that are more open and responsive to the development of cryptocurrencies, in contrast to Indonesia which still maintains a more restrictive approach to the use of cryptocurrencies as a means of payment (Arner, Zohar, & Barberis, 2020).

a. Singapore's Regulatory Approach to Cryptocurrencies

In Singapore, the Monetary Authority of Singapore (MAS) has adopted a more progressive approach in regulating cryptocurrencies. The country does not prohibit the use of cryptocurrencies as a means of payment or investment, but rather sets out clear and structured regulations regarding their use. MAS classifies cryptocurrencies as tradable commodities, as well as regulates cryptocurrency-related service providers, such as exchanges and trading platforms, through the Payment Services Act (PSA) which came into effect in January 2020. This regulation sets clear guidelines on registration and supervision obligations, and aims to protect consumers from risks associated with cryptocurrency transactions, such as fraud and money laundering. With these more open regulations, Singapore has managed to create a safe ecosystem for the development of financial technology, while avoiding the misuse of cryptocurrencies in illegal activities or terrorism (Monetary Authority of Singapore, 2020).

In addition, Singapore is also encouraging innovation in blockchain technology and cryptocurrencies by creating a more supportive environment for fintech companies, including through a regulatory sandbox that allows companies to test their products under limited scrutiny before full launch. These measures show how responsive Singapore is to new technological developments while maintaining a balance between innovation and risk management (Hassan, 2019).

b. Policy Differences with Indonesia

Unlike Singapore, which allows cryptocurrencies to be used as a means of payment and investment, Indonesia is more cautious in its approach. Bank Indonesia (BI) prohibits the use of cryptocurrencies as legal tender under Law No. 7/2011 on Currencies. On the other hand, the Commodity Futures Trading Supervisory Agency (Bappebti) only recognizes cryptocurrencies as commodities that can be traded in the futures market. This unclear status creates confusion among market participants and limits the development potential of the digital finance sector. Although cryptocurrencies can be traded as commodities, their use in payment systems remains prohibited, which affects the wider adoption of blockchain technology (Bank Indonesia, 2018; Bappebti, 2021). this is the explanation for the Sub-sub-subtitles.

From the perspective of legal certainty theory, the regulations implemented by Singapore provide clear certainty for market participants and investors. The existence of a structured legal framework allows market participants to clearly understand the legality and mechanism of cryptocurrency transactions. However, from the perspective of progressive legal theory, Singapore's regulations also show flexibility towards technological developments. MAS continues to monitor and adjust policies according to market dynamics and the progress of the digital financial sector (Smith, 2020). In contrast, regulations in Indonesia are more likely to be restrictive and less responsive to the development of cryptocurrencies. BI's ban on the use of cryptocurrencies demonstrates a desire to maintain legal certainty and financial system stability, but this move could stifle the potential innovation and benefits of the technology. Meanwhile, although Bappebti has recognized cryptocurrencies as investment commodities, more in-depth and comprehensive regulation is needed to create a safe and conducive ecosystem for the growth of cryptocurrencies in Indonesia (Kurniawan, 2021).

Therefore, a balance between legal certainty and flexibility in cryptocurrency regulation is essential. More comprehensive, responsive, and adaptive regulations to technological developments are necessary to create a safe and efficient cryptocurrency ecosystem. Singapore provides an example of how open and adaptive policies can support innovation while mitigating risks, while Indonesia needs to re-evaluate its approach to create more inclusive regulations and support the future growth of the fintech sector (Hassan, 2019; Arner, Zohar, & Barberis, 2020)

5. Conclusion

The legal regulation of cryptocurrency in Indonesia shows a duality of regulation, where Bank Indonesia prohibits its use as a means of payment based on Law No. 7/2011 on Currency, while the Commodity Trading Supervisory Agency (Bappebti) recognizes cryptocurrency as a tradable commodity. This disharmony creates legal uncertainty that has the potential to stifle innovation, weaken consumer protection, and create ambiguity for market participants. Comparative studies with Singapore show that an integrative and adaptive regulatory approach to technological developments can create a more stable and conducive ecosystem. Therefore, harmonization efforts between institutions are needed to create legal certainty that is balanced with progressive legal principles, in order to support the sustainable growth of the national digital economy.

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