

## LEGALITY OF IDK STABLECOIN IN LEGAL PERSPECTIVE IN INDONESIA

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### ABSTRACT

Stablecoins have emerged as an innovation in the cryptocurrency ecosystem, offering the desired stability of value while maintaining the decentralized characteristics of blockchain technology. One such example is the stablecoin IDK, which claims to provide stable value and wide usage in Indonesia. However, the development of these stablecoins raises important questions about their legality within the Indonesian legal framework. This article aims to analyze the legality of the IDK stablecoin from an Indonesian legal perspective, focusing on regulatory aspects, legal validity, consumer protection and its potential impact on the country's monetary and financial system. This research uses a normative legal analysis method by referring to relevant legislation, the views of financial authorities, and existing legal principles. First, this article will examine the existing regulatory framework in Indonesia regarding cryptocurrencies and digital assets, and its relevance to the IDK stablecoin. Second, we will discuss the legal validity of the IDK stablecoin from a contractual and currency perspective, as well as whether this is in accordance with applicable legal principles. Finally, this article will analyze the potential impact of the use of the IDK stablecoin on the Indonesian monetary and financial system, including implications for monetary policy, financial stability and consumer protection. The results of this study are expected to provide a deeper understanding of whether the IDK stablecoin complies with Indonesian law. The implications of this analysis can provide guidance for regulators, industry players and other related parties in dealing with legal issues that arise along with the development of financial technology. As such, this article can become a foundation for further discussion on stablecoin regulation in the context of Indonesian law.

**Keywords:** *Stabelcoin, Cryptocurrency, and Law*

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### INTRODUCTION

In recent years, the development of blockchain technology and cryptocurrencies has had a significant impact on the global financial sector. One of the emerging innovations is stablecoins, a type of cryptocurrency designed to have a stable value, often linked to traditional assets such as fiat currencies or commodities. In the Indonesian context, this development has profound implications for the legal and regulatory frameworks governing the financial and technology sectors. Money as a medium of exchange has a special material value that can be used to pay for goods and services, but defining money solely as a currency is too simple for economists because many things can be used as money, for example checks and savings in a broad sense. So there is no single definition, a truly accurate definition of money, even for economists.

Currently, the government makes crypto assets a tradable commodity, which then the Commodity Futures Trading Supervisory Agency (BAPPEBTI) has issued official regulations related to crypto assets in Bappebti Regulation Number 5 of 2019 concerning the Implementation of the Physical Market for Crypto Assets (Crypto Assets) on Futures Exchanges and the Law of the Republic of Indonesia Regulation of the Minister of Trade Number 99 of 2018 concerning General Policies for the Implementation of Crypto Asset Futures Trading (Crypto Asset). In the regulation, it states that crypto assets are intangible

commodities (tradable goods) because they are digital assets, using cryptography, peer to peer networks, and distributed ledgers, to regulate the creation of new units, verify transactions, and secure transactions without the intervention of other parties. Crypto asset transactions are allowed as the subject of digital asset trading in commodity futures exchanges. So the purpose of these crypto assets is not as a buying and selling transaction, but rather to investment because cryptocurrencies are considered commodities (goods that can be traded). Cryptocurrencies cannot be used as a medium of payment or as a buying and selling transaction because crypto assets are not legal tender. Because the legal currency used in Indonesia is only the rupiah currency. This is regulated in article 1 paragraph 1 of Law Number 7 of 2011 concerning Currency which states "Currency is money issued by the State of the Republic of Indonesia which is hereinafter referred to as rupiah".

Cryptocurrency is a digital currency that uses cryptographic technology as security and is difficult to counterfeit and where the transaction can be done or must be done in the internet network (online) for every data transaction will be encoded using a certain cryptographic algorithm. The difference between cryptocurrencies and currencies in the world today is that these cryptocurrencies are not issued by a central authority, there is no interference or intervention by the government. At first, this cryptocurrency was not seen as an exchange rate that could represent existing digital currencies. There are several advantages to using crypto currency. First, transactions are carried out directly by the parties involved. Second, there can be cost savings because all transactions can be carried out without going through an intermediary organization. Third, the scope of crypto currency transactions is very wide, crypto currency can be used anywhere as long as there is an internet connection. However, using crypto currency is not without risk. Some of the risks that can arise from using crypto currency include exchange rate fluctuations, the risk of system failure, hacking, and unclear regulations. Cryptocurrency itself is more simply a digital currency that has many types. Types of cryptocurrency currencies include bitcoin, ethereum, binance and many more. Cryptocurrency is made through a formulation of questions based on cryptography which is decentralized with guaranteed security because it is centralized so that many people make cryptocurrency a promising investment. Cryptocurrencies work in a different way, because these crypto transactions work on a peer-to-peer basis, which means that there is no third party. Because cryptocurrencies themselves do not have central government authorities such as central banks. So these transactions are carried out anonymously and recorded and secured through blockchain technology where the software records every transaction which is actually almost similar to a ledger.

In the explanation of article 202 of Bank Indonesia Regulation Number 23/6/PBI/2021 concerning Payment Service Providers (PBI 23/2021), it is stated that Bitcoin, Blackcoin, Daah, Dogecoin, Litecoin, Namecoin, Nxt, Peercoin, Primecoin, Ripple and Ven are examples of virtual currencies. Virtual currency is digital money issued by parties other than monetary authorities. Therefore, payment service providers ("PJP") such as banks or institutions other than banks that provide services to facilitate payment transactions to service users are prohibited from receiving, processing, and associating currency virtual currency with payment transactions. PJP is also prohibited from facilitating the trading of virtual currency as a commodity except for those regulated in accordance with the provisions of laws and regulations.

IDK is a stablecoin issued by IDK Foundation Ltd, a trusted BVI company. IDK sets the value for each token at 1,000 Rupiah. Each IDK unit will be fully backed up by Rupiah deposits of an equivalent amount. For every 1,000 Rupiah deposited to a custodian appointed by the IDK Foundation, one IDK will be issued. For every 1,000 Rupiah withdrawn from the designated IDK Foundation custodian, one IDK will be removed from circulation. Therefore, each IDK holder will be able to redeem 1 IDK for 1,000 IDR at a certain time. IDK will be available for trading with many digital assets on official exchanges. With the IDK stablecoin, market participants who believe that the price of a digital asset is under downward pressure can easily convert the digital asset into IDK. On the other hand, market participants who believe that the value of a particular token is rising can convert their IDK to their respective digital assets. IDK provides an opportunity for digital asset market participants to manage digital asset price volatility or market uncertainty. The thing that makes IDK unique is that most stablecoins are backed up using USD, EUR or gold. IDK Foundation uses the Indonesian Rupiah (IDR) to meet demand from the Southeast Asian region.

The IDK stablecoin emerged as one of the efforts to provide a stable and reliable solution in the cryptocurrency ecosystem in Indonesia. With claims to overcome the volatility that often occurs in conventional cryptocurrencies such as Bitcoin, the IDK stablecoin has the potential to become an attractive tool for people and businesses to make transactions and store value. However, the development of the IDK stablecoin also invites important questions about its legality in the context of Indonesian law. The reason is, cryptocurrencies in general are still considered a new phenomenon that has not been fully regulated within the traditional legal framework. Therefore, there is a need for an in-depth analysis of how the IDK stablecoin operates in relation to laws and regulations in Indonesia.

The questions that arise include aspects such as whether the IDK stablecoin is considered a legal tender, how it is regulated within the framework of anti-money laundering and anti-terrorism, and whether the use of this stablecoin can have an impact on the stability of Indonesia's financial and monetary system. In this context, research on the legality of IDK stablecoins from the perspective of Indonesian law is important. The in-depth analysis will help stakeholders, including regulators, industry players, academics, and the general public, to understand the legal implications of using the IDK stablecoin as well as identify the necessary steps to ensure the development of this financial technology is in accordance with the existing legal framework. The formulation of the problem in this study is an Analysis of the Legality of the IDK Stablecoin in Indonesian Legal Perspective: What is the legality of using cryptocurrency as a legal means of payment in Indonesia?

## **METHOD**

This study uses juridical normative legal research and legislative approaches as primary legal materials, including: Law No. 7 of 2011 concerning currency, Bank Indonesia Regulation No. 19/12/PBI/2017 concerning the Implementation of Financial Technology, Bank Indonesia Regulation No. 18/40/PBI/2016 concerning the Implementation of Payment Transaction Processing, Law of the Republic of Indonesia No. 6 of 2009 concerning Bank Indonesia, Law Number 11 of 2008 concerning Electronic Information and Transactions, and using the case approach method. Other legal materials used in this study use secondary legal materials, including law books of scientific journals, theses, and theses and additional legal materials,

namely the press release of the Ministry of Finance of the Republic of Indonesia Number 3/KLI/2018.

## **RESULTS AND DISCUSSION**

### **A. Regulation of the Law on Cryptocurrency or Cryptocurrency as a Means of Transaction in Indonesia**

Currently, the currency officially used in Indonesia is the Rupiah currency which is issued specifically by Bank Indonesia, the party that has the authority to print and distribute money in Indonesia is still centralized by Bank Indonesia, it is in accordance with what is regulated in Law No. 7 of 2011 concerning Currency. However, this is very different from Cryptocurrency digital money where there is no special country or institution that has the authority to print or issue the digital currency in the community, but every individual, both individuals and companies, can mine independently. This causes Cryptocurrency to have no intrinsic value for the money produced, in contrast to the rupiah currency which is highly dependent on the development of the Indonesian economy. The Indonesian government has the main provisions regarding the rules regarding money as explained in Law Number 7 concerning Money of 2011. However, in its development, the government announced various new policies related to the legality of this crypto currency, including Bank Indonesia Regulation No. Bank Indonesia Regulation No. on Payment Transaction Processing, Application of Financial Technology. 19/12/PBI/2017, Decree of the Minister of Trade Number 2018 concerning General Policies for the Implementation of Crypto Asset Futures Trading. 99 and Commodity Futures Trading Supervisory Agency Regulation 2019 No. 5 explain the technical conditions for implementing a physical market for crypto assets (crypto assets) on the futures exchange. Given the variety of regulations, a critical interpretation of this legal product is certainly needed in an effort to provide certainty in spurring economic movements.

In Article 34 of Bank Indonesia Regulation Number 18/40/PBI/2016, it is explained that payment system service providers are prohibited from processing payment transactions using virtual currency, are prohibited from misusing customer data and information as well as payment transaction data and information, and/or are prohibited from owning and/or managing value that can be equated with the value of money that can be used outside the scope of the Implementation of Legal Payment System Services. In addition, Bank Indonesia also prohibits Financial Technology Operators from conducting payment systems using digital currencies because digital currencies are not legal tender in Indonesia. During Bank Indonesia Press Release Number 20/4/DKom on Virtual Currency, Bank Indonesia explained the risks or negative sides of the use of digital currency. In his explanation, Bank Indonesia explained that there are 3 (three) major risks in the use of digital currencies, such as their fluctuating exchange rates, the potential to be used in money laundering and terrorism financing crimes, and vulnerable to cyber attacks. From the above statement, it can be concluded that digital currency does not fully apply to interoperability activities in Indonesia. In other words, digital currencies can only be used for trading on futures exchanges. It also prohibits the use of digital currencies.

### **B. The Legality of the Use of Cryptocurrency as a Means of Payment According to Law in Indonesia**

The development of cryptocurrencies every year is considered more significant and popular. This is seen in the development of Bitcoin as the cryptocurrency with the largest market value in the world. The popularity of Bitcoin has also begun to enter Indonesia, even Bank Indonesia (BI) has identified 44 traders in Bali who accept Bitcoin as a means of payment. The problem is, currently, the position of Bitcoin as a legal tender is still unclear in Indonesia. Legally, legal tender is money, in accordance with Article 1 number 2 of Law Number 7 of 2011 concerning Currency (Currency Law). In fact, based on Article 21 of the Currency Law, the rupiah as a currency must be used in every payment transaction. However, in paragraph two of the article, the obligation to use the rupiah is exempted for: (a) certain transactions in the context of the implementation of the state revenue and expenditure budget; (b) the receipt or grant of grants from or abroad; (c) international trade transactions; (d) deposits in banks in the form of foreign currency; or (e) international financing transactions in the case of international trade or financing. This exception is interesting because the use of Bitcoin as a means of payment in international trade transactions may not violate these rules. In principle, cryptocurrencies can be used in a transaction, as long as there is an agreement and the parties understand the concept, so this does not need to be questioned legally. However, like money, Bitcoin and other cryptocurrencies still do not meet some of the requirements for money in theory, such as having to have a stable value, be standardized by authorities, and be generally recognized. As such, cryptocurrencies are not money and have not been able to replace the position of money in general.

In its development, the use of Bitcoin or cryptocurrency in Indonesia has begun to be considered legally legal, not as a legal means of payment, but only as a commodity. This means that cryptocurrencies can only be traded as futures assets in accordance with the provisions of Article 1 of the Regulation of the Minister of Trade Number 99 of 2018 concerning the General Policy on the Implementation of Crypto Asset Futures Trading. This shows that cryptocurrencies can be classified as rights (intangible objects) because they can be controlled so that they are in accordance with Article 499 of the Burgerlijk Wetboek (BW). More specifically, cryptocurrencies can also be classified as digital objects because they contain elements of electronic information that are in accordance with Article 1 number 1 of Law Number 11 of 2008 concerning Information and Electronic Transactions, which must go through a data processing process. In this case, the data on the cryptocurrency is processed through a blockchain system.

Even so, cryptocurrency is not electronic money because it does not meet the elements in Article 1 Number 3 Letter a of Bank Indonesia Regulation Number 20 of 2018 concerning Electronic Money, which is based on the value of the money deposited. Meanwhile, cryptocurrencies have their own value, just like the currencies that exist in the world. From this, it can be seen that various things previously could still not confirm the legality of cryptocurrency as a legal means of payment in Indonesia. Thus, the author also advises the government to regulate cryptocurrencies clearly, especially in terms of their position as a currency or medium of exchange, limits on their place and use, supervision of transactions, taxation, storage guarantees, and the application of blockchain in currency management in Indonesia. Discussion of the Legality of IDK Stablecoin in a Legal Perspective in Indonesia:

1. **Cryptocurrency Regulatory Framework in Indonesia:** IDK stablecoins, as a form of cryptocurrency, operate within a legal framework that is still developing in Indonesia. Existing regulations have not fully accommodated this phenomenon. Bank Indonesia, as its monetary authority, has issued several statements reminding the public of the risks of cryptocurrencies, but there is no regulation that specifically regulates cryptocurrencies such as stablecoins.
2. **Currency Definition and Payment Legality:** The fundamental question is whether the IDK stablecoin can be recognized as a legal currency or means of payment under Indonesian law. This is related to the definition of currency in Law No. 7 of 2011 concerning Currency. IDK stablecoins must meet legal criteria that are recognized as legal tenders, including being generally acceptable, having a stable value, and being able to be used as a basis for transactions.
3. **Principles of Contract and Legal Validity:** The IDK stablecoin should also be analyzed from the perspective of contractual principles and legal validity. The question arises whether the IDK stablecoin has a legal contractual basis between the issuer and its holders. This involves consideration of whether there is an offer, acceptance, consideration, and clarity of legitimate purpose.
4. **Consumer Protection and Transparency:** In order to protect consumers, it is important to consider whether the IDK stablecoin has adequate mechanisms in place to protect its holders from risks that may arise, such as loss of access or loss of value. Openness and transparency about operational and reserve mechanisms that ensure value stability need to be important considerations.
5. **Influence on the Monetary and Financial System:** The use of IDK stablecoins also has an impact on the stability of the monetary and financial system. The existence of stablecoins can affect the flow of money and liquidity in the financial markets. Therefore, it is important to evaluate their impact on monetary policy, financial stability, and systemic risks.
6. **Harmony with Anti-Money Laundering and Anti-Terrorism Principles:** The IDK stablecoin must also be tested for its harmony with regulations related to the prevention of money laundering and terrorism financing. Since transactions with stablecoins tend to be more anonymous, it is necessary to ensure that the mechanism for identifying transaction actors and reporting suspicious activities is still effectively implemented.
7. **Comparative Studies with Other Countries:** It is important to compare the approach of stablecoin regulation in Indonesia with other countries. Several countries have released more detailed guidelines or regulations related to cryptocurrencies. This comparative study can provide insight into the approach that Indonesia may adopt.
8. **Recommendations and Follow-up Actions:** Based on the analysis that has been carried out, recommendations can be generated regarding the steps that can be taken to ensure the legality and compliance of IDK stablecoins with Indonesian law. This may involve drafting specific regulations or guidelines governing the use and issuance of stablecoins.

This discussion shows the complexity of the legality of the IDK stablecoin in the context of Indonesian law. The existence of this new technology requires serious attention from the government as a regulator to ensure legal certainty, consumer protection, and financial and monetary system stability.

## **CONCLUSION**

In order to examine the legality of the IDK stablecoin from a legal perspective in Indonesia, an in-depth analysis of the regulatory framework, legal principles, and its impact on the monetary and financial system has been conducted. The results of this analysis provide a clearer picture of the challenges and opportunities faced in regulating and accommodating the development of this financial technology. Regulation of the Law on Cryptocurrency or Cryptocurrency as a Transaction Instrument in Indonesia. Digital currencies do not fully apply to interoperability activities in Indonesia. In other words, digital currencies can only be used for trading on futures exchanges. It also prohibits the use of digital currencies. The Legality of the Use of Cryptocurrency as a Means of Payment According to Law in Indonesia.

Even so, cryptocurrency is not electronic money because it does not meet the elements in Article 1 Number 3 Letter a of Bank Indonesia Regulation Number 20 of 2018 concerning Electronic Money, which is based on the value of the money deposited. Meanwhile, cryptocurrencies have their own value, just like the currencies that exist in the world. From this, it can be seen that various things previously could still not confirm the legality of cryptocurrency as a legal means of payment in Indonesia. Thus, the author also advises the government to regulate cryptocurrencies clearly, especially in terms of their position as a currency or medium of exchange, limits on their place and use, supervision of transactions, taxation, storage guarantees, and the application of blockchain in currency management in Indonesia.

First, it can be concluded that the cryptocurrency regulatory framework in Indonesia is still in the development stage. Although Bank Indonesia has issued several statements related to cryptocurrency risks, there is no regulation that specifically regulates stablecoins such as IDK. Therefore, further steps are needed to create a clear and comprehensive legal framework. In the context of legality, the IDK stablecoin needs to meet the criteria as a legal tender in Indonesia. This involves assessing the stability of value, general acceptance, and clarity of the contract in it. The presence of legal principles governing contracts and validity needs to be applied to the IDK stablecoin to ensure legitimate operational continuity. Consumer protection is also an important issue. Value stability and risk management mechanisms must be maintained to protect stablecoin holders from possible losses. In addition, aspects of transparency and openness in stablecoin operations need to be considered so that stablecoin holders have a clear understanding of the risks and benefits. The impact of IDK stablecoins on the monetary and financial system cannot be ignored either. Its existence can affect financial market liquidity and monetary policy. Therefore, regulations regarding the use and management of stablecoins need to consider their impact on the stability of the financial system and the economy as a whole. Thus, regulating the legality of the IDK stablecoin in the legal context in Indonesia is not an easy task. Close cooperation between regulators, industry players, and legal experts is needed to develop adequate regulations. Success in overcoming these challenges will bring long-term benefits to the development of innovative and sustainable financial technology in Indonesia.

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