
Research/Review

The Nature of Bitcoin User Protection Against Transaction Fraud Online in Indonesia

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Abstract. Rapid advances in information technology have fuelled the emergence of digital currencies such as Bitcoin as an increasingly popular means of transaction in Indonesia. However, behind the convenience and speed offered, the use of Bitcoin also poses a high risk of fraud in online transactions. The main objective of this research is to analyse the nature of legal protection for Bitcoin users in Indonesia. This research applies normative juridical method with statutory approach, conceptual approach, case study analysis, and refers to legal protection theory, online transaction theory, and legal economic theory. One of the case studies studied is the High Court Decision 1240/Pid.Sus/2022/PN Tng which reflects the existence of a vacuum and vagueness of legal norms in the protection of Bitcoin users. The analysis shows that although Bitcoin has been regulated under the legal framework of digital asset trading, there are still inefficiencies in the application of legal protection in a comprehensive and effective manner. This research emphasises the need for more progressive regulatory reforms, as well as strengthening the role of law enforcement agencies and financial technology supervisors to ensure fair, certain and comprehensive protection for Bitcoin users in the territory of Indonesia. It is hoped that the results of this research can strengthen theoretical contributions in enriching the development of digital economy law and become a practical reference for policy makers.

Keywords: Legal Protection, Bitcoin, Online Transaction Fraud, Digital Assets.

1. Introduction

Significant advances in the growth of information and communication technology (ICT) amid the development of the current digital era, affecting the way people interact, invest and access information. In Indonesia, this phenomenon requires a comprehensive legal foundation to regulate various aspects of information, in this case related to the process of implementing digital transaction activities or electronic transactions. It is important to recognise that the existence of laws and regulations in Indonesia governing Electronic Information and Transactions plays a very important role. "Law Number 1 Year 2024" (hereinafter referred to as ITE Law) regulates commodity futures trading and digital derivative products. The ITE Law sets out provisions regarding trading, market transparency, and consumer protection in digital asset transactions.

The changing times have led to the emergence of various types of currencies as a result of technological advancements and the growing strength of globalisation. The evolution of

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the form of currency from physical money such as paper and metal has now shifted to non-physical or digital (paperless) forms. Virtual currency refers to a non-physical commodity that is fully digital and used in electronic transactions. Various types of virtual money are widely recognised, and are often utilised as a medium of exchange or payment that performs similar functions to conventional money. Some of these include Bitcoin, Ethereum, Ripple, Litecoin, and Monero.

Today, the world is experiencing a shift towards the use of digital currencies, known as digital currency or virtual currency is a form of currency secured by cryptographic technology, which has come to be known as cryptocurrency. This type of currency uses encryption techniques to control the creation of new units and verify each financial transaction. Cryptocurrencies operate independently without the supervision or authorisation of a central bank. Because they are built with complex cryptographic systems, they are extremely difficult to counterfeit or illegally transfer to parties who are not authorised to access them. Today, a number of cryptocurrencies have been widely circulated and started to be used in various types of transactions.

One of the biggest changes experienced today in Indonesia is a very practical transaction, namely transactions in the network or online, transactions that are widely used by the public, namely cryptocurrency. One example is Bitcoin, a digital currency that utilises blockchain technology to process and facilitate transactions. Bitcoin offers various advantages such as efficiency and ease of transactions, but also poses challenges related to legal protection and the risk of online fraud. In Indonesia alone, the number of Bitcoin users has surpassed 1.14 million investors and more than 66,000 active users.

Bitcoin can be used as an efficient means of transaction with low fees and high speed. Users can make international transactions without geographical restrictions, which speeds up the payment and money transfer process. Despite its advantages, Bitcoin also carries the risk of fraud and crime.

Effective and robust legal protections are needed to mitigate these risks, including effective prevention and enforcement mechanisms. However, the decentralised nature and anonymity of Bitcoin pose new challenges, especially regarding security and user protection. The use of virtual currencies in the context of Indonesian law has the potential to cause various harmful crimes in various fields, including economic, legal, and national security aspects. Transactions that cannot be cancelled and user anonymity can be a loophole for fraudsters to commit crimes. In this study, researchers will examine the case of a business capital cooperation agreement in Bitcoin transactions: Tangerang District Court Decision Number 1240/Pid.Sus/2022/PN Tng dated 14 November 2022, with Public Prosecutor Drs. Djoko Purwanto, SH, against the defendant Indra Kesuma, also known as Indra Kenz. The suspect allegedly promised profits through the Binomo trading application and claimed that Binomo already had legal and official status in Indonesia, even though this was not the case. The Indra Kenz case stems from a victim complaint received on 3 February, the police received a report from a Binomo application user who filed a report against Indra Kenz claiming to have suffered a loss of Rp2,400,000,000.00 (two point four billion Rupiah). The report was registered with the number STTL/29/II/2022/BARESKRIM on 3 February 2022. The victims' lawyer, Finsensus Mendrofa, pointed out several articles that formed

the basis of the report. "In this case, several articles are applied as the legal basis for the prosecution of the defendant. Article 27 paragraph 2 of the ITE Law stipulates the regulation on the prohibition of online gambling, while Article 28 paragraph 1 of the ITE Law deals with the dissemination of false news that can harm consumers in electronic transactions. In addition, Article 378 of the Criminal Code (KUHP) is used to ensnare defendants in fraud cases. Last but not least, the Anti-Money Laundering Law (UU TPPU) was also applied, specifically Article 3, Article 5, and Article 10, which regulate the criminal offence of money laundering both inside and outside the territory of Indonesia. The application of these articles shows the complexity of the case which involves various aspects of the law, ranging from electronic transactions to financial crimes." In response to the report, the police summoned Indra Kenz to undergo an examination. After previously failing to appear on the grounds of undergoing treatment in Turkey, the defendant finally fulfilled the summons from the Police Criminal Investigation Unit. He was present on Thursday, 24 February, at around 1:12 pm. After being questioned by investigators for approximately 7 hours, Indra Kenz, whose long name is Indra Kesuma, was officially named as a suspect and then detained. According to Whisnu's statement, the detention took place in the early hours of Friday 25 February. Indra Kenz was then detained at the Criminal Investigation Unit (Bareskrim Polri) detention centre in South Jakarta for a period of 20 days. He is charged with multiple articles, including money laundering (TPPU) and fraud, which carry a maximum prison sentence of up to 20 years.

This phenomenon is in line with the rise of digital investments with unclear legality, including the increasing enthusiasm for crypto assets such as Bitcoin. In the midst of public euphoria over the potential for quick profits from Bitcoin and similar platforms, this case reminds us of the importance of digital literacy and prudence in investing. Dispute resolution can be done by utilising legal mechanisms, including mediation or court, to enforce the Plaintiff's rights and ensure compliance with the agreement. The Plaintiff should ensure all evidence and documentation related to the agreement and guarantees are complete and valid, while the Defendants must fulfil all agreed obligations to avoid lawsuits and fines.

This research will examine various aspects of Bitcoin, ranging from the legal basis of the Indonesian economy to the specific regulations governing the use of Bitcoin and other virtual currencies. The main focus of this research is to understand how existing regulations can protect Bitcoin users and identify shortcomings in the current legal protection system. In the context of Bitcoin, with respect to Article 33 of the principles contained in the 1945 Constitution of the Republic of Indonesia, regulations governing the use of Bitcoin must ensure that the technology can function optimally, operate optimally, and provide effective and efficient protection for the public. Regulations must be able to handle risks and fraud that may occur along with the use of Bitcoin as a transaction activity or investment purpose. The ITE Law further regulates the digital and electronic aspects of commodity futures trading and digital derivative products, including Bitcoin. It sets out provisions on trading, market transparency, and consumer protection in digital asset transactions.

With this law, it is expected that the regulation of Bitcoin trading will become clearer. The ITE Law aims to provide more optimal protection guarantees for investors through the establishment of operational standards, strict supervision, and clear regulations. However, ad-

ditional regulations are still needed to address the fraud and security aspects of Bitcoin transactions. Bank Indonesia Regulation (PBI) Number 22/23/PBI/2020 regulates the implementation of financial technology (fintech) in Indonesia, including the use of crypto assets such as Bitcoin. The regulation states that Bitcoin is not recognised as a legal, valid, official, or legitimate means of payment in Indonesian jurisdiction, but can be traded as a digital asset. PBI aims to regulate and supervise the implementation of financial technology and protect consumers. Regulations issued by the Financial Services Authority (OJK) also establish rules related to digital asset markets, including Bitcoin. OJK regulations establish reporting, transparency, and supervision obligations for digital asset trading organisers. These efforts aim to realise market conditions that are secured, regulated, and protected.

Governments hold important responsibilities and obligations in addressing crimes involving Bitcoin, including the enforcement of laws against fraudsters and the development of policies to protect users. Governments need to establish cooperation with international agencies for the purpose of addressing transnational criminal offences and providing effective reporting mechanisms. The development of protection mechanisms, such as educating the public about the risks of Bitcoin and implementing clear regulations, are important steps to prevent fraud and improve user safety. The nature of Bitcoin's existence in society is often fraudulent, to avoid fraud due to online investment using Bitcoin, in the perspective of legal philosophy the existence of Bitcoin must be considered through three main aspects, namely aspects of justice, aspects of benefit, and aspects of welfare. The aspect of justice relates to moral and ethical principles that demand fair, equal, and non-discriminatory treatment of individuals and groups. The expediency aspect relates to how effective the law is in producing beneficial results for society. The welfare aspect of the law must be able to create and maintain social order by establishing norms and rules that members of society must follow. This includes the prevention of law violations, consistent law enforcement, along with dispute handling that is carried out with a structured and systematic mechanism.

Based on the description above, when associated with the ITE Law and Bank Indonesia Regulation, there are two main issues related to the regulation and legal protection of Bitcoin, namely the vacuum of norms in the regulation of Bitcoin and the vagueness of norms in the legal protection of Bitcoin. The norm vacuum related to Bitcoin regulation refers to the absence of clear regulations regarding the use, trading, and transactions of Bitcoin in many legal systems in various countries. Indonesia, along with several other countries, does not yet have regulations that formally or legally establish Bitcoin as a digital asset or legal tender. This factor results in legal uncertainty for individuals or business entities that wish to utilise Bitcoin, whether in the context of investment, trade, or economic transactions. This norm vacuum also creates a gap that risks being abused by irresponsible actors, for example fraud or embezzlement using Bitcoin. Meanwhile, in the legal protection of Bitcoin, there are still juridical problems, namely the vagueness of norms that do not provide clarity regarding the legal status of Bitcoin, protected rights, and obligations that exist for parties involved in Bitcoin transactions. Although there are countries that recognise Bitcoin as an asset or commodity, there is no certainty whether Bitcoin is protected by the same laws as other conventional assets in terms of consumer protection, property rights, or dispute resolution.

Based on the various dynamics and challenges faced by Indonesia in economic management and the implementation of information technology, especially in the context of the development of online transactions, especially Bitcoin. Along with the rapid development of technology and digital currencies that have a significant impact on the financial system and online transactions, a deep and adequate understanding is needed to protect users and prevent potential online fraud. Therefore, the problem can be formulated, namely:

- What is the philosophical perspective on Bitcoin transactions in the Indonesian economy?
- How is legal protection for online fraud that causes losses to Bitcoin users in Indonesia?

2. Research Methods

The type of research applied in this writing is normative legal research. The selection of the normative legal research approach is due to the existence of juridical problems or legal issues, namely the vagueness of norms in Article 28 paragraph 1 of the ITE Law which states that, "Every person intentionally, and without the right to spread false and misleading news that results in consumer harm in Electronic Transactions." The explanation of this article explains that it does not provide legal certainty related to the protection of Bitcoin users from the crime of electronic transaction fraud. The explanation of this article explains that it does not yet provide legal certainty regarding the protection of Bitcoin users from the crime of electronic transaction fraud. Judging from its nature, this research applies three approach methods, namely a statutory approach (statute approach), conceptual approach (conceptual approach), and case study approach (case approach). This research uses 3 sources of legal material namely primary legal material is binding legal material in the form of legislation, secondary legal material which serves as a source that provides an explanation of primary legal material, and in this research the author uses scientific papers from academics and research results. Meanwhile, tertiary legal materials are sources that provide instructions or explanations related to primary and secondary legal materials.

The legal data collection technique in this research is carried out through literature study. The literature study process includes reading, analysing, recording, and making reviews of various literature sources such as the results of previous research, scientific magazines, and academic journals, cases from Constitutional Court decisions taken via the internet and so on) collected through the process of data collection and identification of applicable laws and regulations, accompanied by the process of classification and preparation of relevant legal materials, in accordance with the research problems studied. Analysis of legal materials is carried out qualitatively by classifying and filtering legal materials obtained from field research based on their quality. Furthermore, the results of the research will be associated with relevant theories and opinions. The data collection technique uses a case approach obtained from Constitutional Court decisions taken via the internet. Then it is arranged systematically (recording the law systematically and consistently), then the material is analysed using the deductive thinking method by linking it to the theories obtained from literature studies and cases to reconstruct juridical problems in the vacancy of norms in the ITE Law.

3. Results and Discussion

Philosophical Perspective on Bitcoin Transactions in the Indonesian Economy

Protecting, regulating, and organising economic life in order to be able to move the dynamics of economic activity towards the improvement and progress of society as a whole is the goal of law in Indonesia's economic development as a developing country. Bitcoin is growing in Indonesia as a widely traded digital asset. With the number of active Bitcoin investors exceeding one million, Bitcoin trading activities provide new economic opportunities, especially in the investment and financial technology (fintech) sectors. Trading Bitcoin through authorised marketplaces allows people to benefit from price fluctuations, as well as create jobs in blockchain and crypto assets. In addition, Bitcoin also contributes to financial inclusion by providing access to the international financial services system for unbanked individuals. Through blockchain technology, transactions can be made quickly, transparently, and without intermediaries, making it easier for small and medium-sized businesses (MSMEs) to conduct international transactions without high currency conversion costs. This encourages the growth of the digital economy and increases the competitiveness of Indonesian businesses in the global market.

However, the development of Bitcoin transactions in Indonesia still faces challenges, especially in terms of regulation and price volatility. The government continues to work on regulating crypto asset trading to protect investors and prevent abuses, such as money laundering and illegal funding. With proper regulation, Bitcoin can become one of the economic instruments that support financial innovation and strengthen Indonesia's digital economy in the future. From a philosophical perspective, the development of Bitcoin transactions reflects a paradigm shift in the global economic and financial system. Bitcoin was born from the idea of decentralisation, which rejects the dominance of traditional financial institutions and gives individuals full control over their own assets. The following bitcoin is reviewed from several aspects including:

In Ontological Aspects

The implementation or use of information technology, which in this case is based on the internet network in the economic field, brings significant benefits to society in trading and investment activities. Now, Bitcoin does not function as a means of payment or cryptocurrency, but as a digital asset that has economic value for its users. Bitcoin was created by a programmer with a pseudonym named Satoshi Nakamoto. Because it has no physical form, this digital currency is only stored in an electronic account known as an electronic wallet or digital wallet application (e-wallet). Bitcoin is an open source digital currency that operates on a peer-to-peer basis. The system is based on cryptographic principles and rules that are used to ensure the validity of transactions and regulate the process of creating Bitcoin itself.

No official organisation produces or issues Bitcoin, instead it is automatically generated by specialised software and is only accessible within the Bitcoin ecosystem itself. The Bitcoin exchange rate does not depend on conventional currencies, but is determined by the supply and demand mechanism in the market. Since its inception in 2013 in the country of Indonesia, the regulatory authority of Indonesia's national monetary system, Bank Indonesia, has issued an official warning on 06-11-2014 (six November two thousand fourteen) stating that Bitcoin has no status as a legally recognised means of payment in Indonesia. Nevertheless, this has not diminished the interest of Bitcoin users. To date, the number of members registered on

the PT Indodax Nasional Indonesia website, which is the largest platform in Indonesia, has recorded the largest digital currency exchange in Indonesia at 1,625,889 (one million six hundred twenty-five eight hundred eighty-nine) users. The price of Bitcoin in 2017 peaked at around 200 million rupiah per BTC. This situation prompted the government, through Bank Indonesia, to reissue a similar warning through press release number 20/4/DKCom on 13 January 2018. The statement confirmed that Bitcoin is not recognised as an official currency in Indonesia.

Some regions that recognise the use of Bitcoin in their countries set policies to stipulate that rather than being a legal currency, Bitcoin is classified as a commodity. It is known that one such country, Japan, passed a Virtual Currency Act through the Japan Financial Services Agency in 2016 known as the Japan Payment Services Act. This legislation regulates digital currencies as well as digital currency exchange mechanisms. Bitcoin and other virtual currencies are defined as a form of payment method, but not as a legally recognised currency like the Yen. In Japan, Bitcoin is treated as an asset, unless there are changes or revisions to the tax regulations in the future. This view also influences the perspective of Bitcoin users in Indonesia, where Bitcoin is currently not used as a legal tender in transactions at the national level, but is positioned as a digital asset that has properties similar to objects.

Initially, Bitcoin was only used by a few people who understood and believed in the concept of decentralisation and financial freedom. The value of Bitcoin was also relatively very low in the early days, and was used more by technology developers and cryptographers. However, with increasing public trust in the system, Bitcoin is starting to be accepted by various parties, both used as an investment medium and as a legally recognised transaction tool. In the long run, Bitcoin can provide resilience against inflation and economic instability. Bitcoin's limited value and decentralisation provide stability for the global economy. For Indonesia, which often faces economic challenges such as exchange rate fluctuations and inflation, the use of Bitcoin can help individuals and businesses to reduce dependence on conventional currencies and increase economic competitiveness. In addition, Bitcoin's decentralised system challenges the dominance of one particular currency or country's economic policies, and this could increase the resilience of the Indonesian economy in the face of the global financial crisis.

The underlying philosophy of Bitcoin also includes aspects of morality in economic transactions. Bitcoin carries values such as privacy, security, and individual empowerment. In Indonesia, where there are still many social and economic disparities, Bitcoin could be an empowerment tool that allows the lower class to access the wealth of the global economy without intermediaries that can add to the burden. However, on the other hand, Bitcoin also challenges traditional values in economics, such as the trust relationship built between parties involved in a transaction. The use of Bitcoin requires people to trust technology and mathematical codes more than long-established systems.

Epistemological Aspects

In this normative research, it is found that there is a norm vacuum related to the regulation of Bitcoin in Indonesia. To this day, there are no regulations, especially the urgency of regulations that specifically regulate Bitcoin officially. Bank Indonesia, as the authorised institution in monetary policy control, affirms that Bitcoin and other forms of digital currency do not have the status of legal tender in accordance with the provisions of Law Number 7 Year

2011 on Currency. The absence of specific regulations on the use of Bitcoin creates legal uncertainty over the consequences of transactions involving the digital currency. In addition, the use of Bitcoin contradicts the provisions of Law Number 7 Year 2011 which affirms that the only legal tender in Indonesia is Rupiah. The unclear status of Bitcoin also raises the question of whether this digital currency can be recognised and even formalised as a legal means of transaction. Article 5 paragraph 3 of the ITE Law states that an electronic document is considered valid if it uses an electronic system in accordance with the provisions in the law.

In Indonesia, the regulation of Bitcoin transactions, both in the context of applicable law and in epistemological aspects, is still in the stage of development and adjustment. In the epistemological aspect, regulating Bitcoin transactions focuses on how knowledge related to transactions, ownership, and transaction validity can be accepted, recognised, and processed by the Indonesian legal system, which often relies on evidence that is legally accepted by the traditional legal system. This includes mechanisms for verifying transactions through blockchain and how transactions in these decentralised networks can be integrated into existing regulations. The ITE Law, in this case specific to Indonesia, regulates the use of digital technology and electronic transactions. Although the ITE Law does not mention in detail or provide regulations on Bitcoin transactions, the existence of this law still provides a legal basis for ensuring the validity of transactions carried out through electronic networks, including Bitcoin transactions processed through blockchain. In the legal epistemological aspect, Bitcoin transactions recorded in the blockchain are considered valid based on the cryptographic algorithms used to verify and confirm transactions.

The payment system can run effectively if all of its components are fulfilled completely. In this system, payment instruments are the most crucial component because they must be in accordance with the needs of the community as the main element in the payment process. In addition to payment instruments, another important component is banking procedures, which have an equally important role in supporting the smooth running of payments and the interbank fund transfer system. The payment system is defined as the process of transferring funds from one party to another as a result of economic transactions. In this system, the existence of payment instruments, especially means of payment, is very important to support the smooth implementation of the payment process.

A payment instrument is a tool that facilitates the execution of a payment transaction. Despite the fact that the majority of people still use cash for various buying and selling transactions, rapid technological developments have given birth to non-cash payment alternatives. These non-cash payments themselves can be categorised into two types, namely paper-based such as giro bills and cheques, as well as other electronic payment methods. Several criteria need to be fulfilled for an object to be recognised as legal tender.

From the description above that in Indonesia, the regulation of Bitcoin still experiences a significant norm vacuum. Bank Indonesia confirms that Bitcoin and other types of digital currencies are not recognised as legal tender under Law Number 7 Year 2011 on Currency, which exclusively recognises Rupiah as the only legal tender. This leads to uncertainty regarding the legal consequences of transactions using Bitcoin. From an epistemological aspect, regulating Bitcoin transactions involves how knowledge of the transaction, its ownership and validity can be accepted by the Indonesian legal system which still relies on evidence that is legally recognised under traditional law. The verification of transactions conducted through

blockchain and cryptographic algorithms poses challenges regarding how these transactions can be integrated into the existing legal system. While Indonesia's ITE Law provides a legal foundation for the conduct of electronic transactions, it does not specifically regulate Bitcoin transactions. However, blockchain as the technology used by Bitcoin gives validity to such transactions, as long as they fulfil the criteria regulated in the electronic system. In addition, in the context of the payment system, means of payment have a very important role and must fulfil the needs of society. This means of payment can be cash or non-cash, including payment instruments that develop along with technological advances, which then support transactions in a more efficient payment system. Thus, although there is potential for Bitcoin to become part of a legal payment system, it is still necessary to fill the legal vacuum and further understand the epistemological aspects so that Bitcoin transactions can be accepted in Indonesian regulations.

Axiological Aspect

Bitcoin transactions in Indonesia can be understood in terms of practices that include how Bitcoin is used, regulations, and public perceptions of this digital currency. Public Perception and Technology Adoption Indonesians are increasingly open to the use of Bitcoin, although there are differences in perception between those who are pro and contra the digital currency. Those who are more educated about blockchain technology tend to be more open to the use of Bitcoin, while others remain sceptical due to a lack of understanding and uncertainty regarding legality and security.

Government Regulation and Supervision In Indonesia, neither cryptocurrency nor Bitcoin has been officially recognised as a legally recognised medium or means of transaction. However, the government through Bank Indonesia and OJK have issued regulations governing the use of Bitcoin, especially for investment or trading purposes. While Bitcoin transactions cannot be used for everyday transactions, authorities emphasise the importance of being aware of potential risks, such as price volatility and the possibility of being involved in illegal activities. Bitcoin Transaction Practices in Indonesia are generally used in two main ways: as an investment instrument and as a means of payment in cross-border transactions or digital goods. Users can buy and sell Bitcoin on local and international exchange platforms.

From an axiological perspective, Bitcoin transactions in Indonesia can be seen as a phenomenon that has potential value in changing economic practices, although it comes with challenges in terms of regulation, public understanding, and volatility risks. In terms of benefits, Bitcoin has the potential to provide added value both for individuals who want to invest or transact across countries, as well as for people who are not covered by traditional financial services. However, the use of Bitcoin still requires intensive and strict supervision by the government in order to avoid potential abuse and ensure the integrity of the digital economy in Indonesia.

Legal Protection of the Occurrence of Online Fraud that Provides Losses to Bitcoin Users in Indonesia

The urgency of legal protection theory plays an important role in regulating Bitcoin transactions in Indonesia, given the decentralised nature of crypto assets and the high risk of fraud. Based on the theory or views expressed by Philipus M. Hadjon regarding the theory of legal protection, in his theory legal protection in Bitcoin transactions must include preventive

and repressive aspects. Preventive steps through the Commodity Futures Trading Supervisory Agency (Bappebti), the government has issued various regulations, Bitcoin is set to become a legal digital commodity to be traded in the futures exchange system. This regulation is designed to provide legal certainty and minimise the risk to users' interests. Meanwhile, from a repressive aspect, Bitcoin users who experience losses due to fraud can take legal action through the ITE Law along with criminal laws related to money laundering and fraud. However, even though regulations already exist, there are still challenges in their implementation, especially in handling cybercrime cases involving anonymous transactions. Therefore, legal protection in Bitcoin transactions in Indonesia must continue to be developed by strengthening regulations, increasing education to the public, increasing synergies with financial institutions and law enforcement to create a safer and more reliable Bitcoin transaction ecosystem.

Although cryptocurrency transactions are now legally recognised through official regulations issued by Bappebti, the risk of illegal financial transactions related to disguising the origin of money and financially supporting terrorist activities still remains. In the context of taxpayers proven to have committed tax offences, the offences committed generally occur due to unintentional negligence. Nevertheless, criminal sanction is not directly imposed, but replaced with administrative sanction in the form of fine. The enforcement of sanctions for such tax offences is regulated in, which confirms as follows:

"Every person who due to his/her negligence: does not submit a Notification Letter; or submits a Notification Letter, but the contents are untrue or incomplete, or attaches information whose contents are untrue so as to cause a loss to the state revenue and the act is an act after the first act as referred to in Article 13A, shall be fined at least 1 (one) times the amount of tax payable that is not or underpaid and a maximum of 2 (two) times the amount of tax payable that is not or underpaid, or sentenced to imprisonment for a minimum of 3 (three) months or a maximum of 1 (one) year."

The next process is continued with, in the event that it is found that the results of the preliminary examination stage find the truth that there is an incident of criminal crime, especially taxation, then the criminal law enforcement process is continued to the investigation stage, which according to the provisions of Article 44 of Law Number 28 Year 2007 is carried out by Civil Servant Investigators (PPNS) from the Directorate General of Taxes. The Directorate General of Taxes has the authority to supervise aspects of taxation. However, if cryptocurrency users are proven to be involved in the implementation of illegal activities in the form of money laundering and/or efforts to disguise the illegal origin of funds, sanctions will be imposed on those concerned in accordance with applicable laws and regulations. Article 3 of the Law on Money Laundering regulates the form of money laundering offences, which confirms that:

"Every person who places, transfers, diverts, spends, pays, grants, entrusts, brings abroad, changes the form, exchanges with currencies or securities or other actions on Assets that he knows or reasonably suspects are the proceeds of a criminal offence as referred to in Article 2 paragraph (1) with the aim of hiding or disguising the origin of the Assets shall be punished for the crime of Money Laundering with a maximum imprisonment of 20 (twenty) years and a maximum fine of Rp10,000,000,000.00 (ten billion Rupiah)."

The crime of terrorism financing is specifically regulated in Article 4 of Law Number 9 Year 2013 on the Prevention and Eradication of Criminal Acts of Terrorism Financing, which states that:

"Every person who intentionally provides, collects, gives, or lends funds, either directly or indirectly, with the intention of being used wholly or partly to commit the crime of terrorism, terrorist organisations, or terrorists shall be punished for committing the crime of financing terrorism with a maximum imprisonment of 15 (fifteen) years and a maximum fine of Rp1,000,000,000.00 (one billion rupiah)."

One example of the use of cryptocurrencies to fund crime is the Alam Sutera Mall bombing by Leonard Wisnu Kumala, in which the perpetrator demanded a ransom of 100 Bitcoin, which at the time was equivalent to around Rp300,000,000.00 (three hundred million Rupiah). The perpetrator realised that the system used allowed his identity to remain hidden. In countering terrorism financing through cryptocurrency, the state plays an important role in limiting public access to virtual currencies through regulations governing the use of cryptocurrencies as well as cooperation with digital asset exchange platforms. This is important because exchange platforms have the ability to identify transactions by implementing Know Your Customer (KYC) protocols, as well as being the final point in the disbursement process. In addition, reporting suspicious transactions by crypto exchange service providers also plays a role in supporting law enforcement officials in conducting surveillance. In the context of cybercrime, the act of entering another person's computer system intentionally and without legal basis can be punished in accordance with the provisions listed in Article 30 paragraph 1 of the ITE Law, which states that:

"Every person intentionally and without right or unlawfully accessing another person's Computer and/or Electronic System by any means".

The provisions of Article 30 paragraph 3 of the ITE Law which states that:

"Every person intentionally and without rights or unlawfully accesses a Computer and/or Electronic System in any way by violating, breaking through, exceeding, or penetrating the security system."

Will be given criminal provisions according to Article 46 paragraph 1 of the ITE Law, stating that:

"Every person who fulfils the elements as referred to in Article 30 paragraph (1) shall be punished with a maximum imprisonment of 6 (six) years and/or a maximum fine of Rp600,000,000.00 (six hundred million rupiah)."

And Article 46 paragraph 3, which states that:

"Every person who fulfils the elements as referred to in Article 30 paragraph (3) shall be punished with a maximum imprisonment of 8 (eight) years and/or a maximum fine of Rp800,000,000 00 (eight hundred million rupiah)".

From the above statement, it can be concluded that legal protection is a basic principle in legal science that aims to provide guarantees for the rights of each individual or group from actions that can harm them. This protection serves to create legal certainty, justice, and balance between rights and obligations in the legal system. In practice, legal protection can be provided through clear regulations, effective law enforcement, and the role of authorised institutions in resolving legal disputes. In the context of Bitcoin, legal protection still faces various challenges due to the decentralised nature of crypto assets that are not controlled by a

central authority. Regulations implemented in various countries aim to protect users from risks such as fraud, terrorism financing, and money laundering. The Indonesian government has issued urgent regulations through Bappebti that stipulate Bitcoin is recognised as a digital asset that is allowed and legal to be traded or traded in the futures trading system, in order to provide legal certainty and reduce risks for users. However, although regulations have been implemented, there are still challenges in implementation, especially in dealing with cybercrime involving anonymous transactions. In the aspect of taxation, as stipulated in Law No. 28 Year 2007, violations of transactions conducted by taxpayers with cryptocurrencies may be subject to sanctions, which can be in the form of administrative sanctions or punishment. Furthermore, if cryptocurrency is used as a means in the criminal offence of money laundering or financing of terrorism, the perpetrator may be given severe sanctions in accordance with the provisions in the Law on the Crime of Money Laundering and the Law on the Prevention and Eradication of the Criminal Offence of Financing of Terrorism. Therefore, legal protection for Bitcoin users must continue to be developed by strengthening regulations, increasing public education, and strengthening cooperation between the government, crypto asset exchange platforms, and law enforcement. This effort is important to create a safer, more transparent, and reliable Bitcoin transaction ecosystem, while preventing the misuse of crypto assets for illegal activities.

4. Conclusions and Suggestions

Conclusion:

- The philosophical perspective on Bitcoin transactions in the Indonesian economy can be concluded ontologically, Bitcoin is a digital entity whose existence is built through technological consensus, challenging the traditional concept of the value of money which has been physical and centralised. In terms of epistemology, Indonesian people's knowledge about Bitcoin is still limited, creating gaps in understanding that can lead to risks in its use. Meanwhile, axiologically, Bitcoin transactions contain positive values such as efficiency and financial freedom, but also ethical challenges such as the potential for abuse and the unavailability of effective legal instruments in Indonesia.
- Legal protection against Bitcoin users for losses due to online transaction fraud can be concluded based on two perspectives, namely preventive and repressive legal protection. Preventive legal protection aims to prevent violations of rights or disputes before they occur, by providing clear guidelines or regulations to the public regarding the use of Bitcoin which can be done through strengthening regulations. The government and financial institutions need to provide clear regulations regarding the use of crypto assets, including consumer protection mechanisms. In addition, there is a need to increase digital and financial literacy to the public so that users are more aware of the potential risks of fraud. Crypto service provider platforms are also required to implement strict security and verification systems to prevent abuse. Repressive legal protection is carried out by law enforcement against perpetrators of fraud in Bitcoin transactions. Although Bitcoin has not yet obtained legal status as a legal tender in Indonesia, losses due to fraud can be processed through criminal provisions such as Article 378 of the Criminal Code (fraud) and the Electronic Information and Transaction Law (ITE Law).

Suggestion

- The government needs to accommodate bitcoin users within an appropriate regulatory framework so as not to negatively impact economic stability and develop regulations that not only restrict, but also accommodate technological innovations such as *Bitcoin*. Regulations should strike a balance between the protection of the national economy and the opportunities offered by cryptocurrencies. Authorities such as Bank Indonesia and Bappebti should strengthen supervision of Bitcoin transactions, including ensuring that crypto asset trading platforms are registered and have strong security mechanisms. Because the existing sanctions still do not touch the users but only touch all aspects that regulate the legality of using *Bitcoin* in Indonesia both for the public and investors who use *Bitcoin* as a Crypto Asset.
- Bitcoin users and investors need to be educated about the risks, such as price volatility and potential fraud, in order to invest wisely. Users should maintain digital wallet security, avoid illegal platforms, and understand that the government does not guarantee protection against loss of assets due to hacking or personal error. As Bitcoin is not yet recognised as a means of payment in Indonesia, its use can have legal consequences. With strong regulations, thorough education, and public awareness, Indonesia's digital economy is expected to grow safely and steadily.

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