



Legal Protection for Members in Buying and Selling Digital Assets with the Use of Bitcoin *Cryptocurrency on the Indodax Indonesia Trading Platform*

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Article Info

Article History

Revised : 2025-12-07

Accepted : 2026-01-10

Published : 2026-01-22

Keywords:

Legal Protection,
Digital Asset
Transactions, Bitcoin
Cryptocurrency,
Indodax Indonesia
Trading Platform

Abstract

This study examines the legal protection of members in digital asset buying and selling transactions with the use of the Bitcoin cryptocurrency on the Indodax Indonesia Trading Platform, in line with the recognition of crypto assets as a legal commodity traded on the Futures Exchange but still weak protection for transaction actors at the practical level. The main problems analyzed are: (1) what is the form of legal protection for members in Bitcoin digital asset buying and selling transactions on Indodax; and (2) what are the obstacles faced by members to obtain legal protection in the transaction. This research is descriptive-analytical with a normative juridical approach supported by empirical juridical evidence, using secondary data in the form of laws and regulations and literature, as well as primary data through interviews and surveys of related parties. The results of the study show that preventive legal protection is realized through the principle of freedom of contract and the legal terms of agreements in the Civil Code, the regulation of the implementation of electronic systems and transactions, the technical regulation of the physical market of crypto assets by Bappebti, the existence of the OJK Investment Alert Task Force, the regulation of technological innovation in the financial sector, and the consumer protection regime that requires the provision of correct and adequate information to members. Meanwhile, repressive legal protection is available through criminal instruments against fraud and misleading information, lawsuits for default for violations of investment agreements, and lawsuits for unlawful acts for aggrieved members. However, the effectiveness of this protection is still hampered by internal constraints in the form of privacy leaks due to weak security protocols, as well as external constraints in the form of low members' understanding of the crypto market, misinformation about traded assets, identity theft and impersonation, and profiteering of PT Indodax's name by irresponsible individuals.

Introduction

Buying and selling transactions are part of human life as social beings. Before money was created, humans were familiar with the barter system as a means of transaction. The barter system is a process of exchanging goods owned by one person for goods owned by another. Or in other words, it is a process of exchange between goods and goods or goods with services and vice versa.¹ But gradually, this barter system was abandoned because it was ineffective and did not have a fixed value. Humans then created money as a medium of exchange that has a price and value, and is generally acceptable. Historically, money has come a long way and has played an important role in human civilization.²

¹ Kasmir, *Banks and Other Financial Institutions*, Rajawali, Jakarta, 2012, p. 13.

² Suseno Solikin, *Money Understanding, Creation, Its Role in the Economy*, Library of Education and Studies of the Central Bank of Bank Indonesia (PPSK), Jakarta, 2002, p. 19.

The development of information technology sparked the idea of creating money virtually which would eventually eliminate money physically. Virtual (digital) currencies that are currently commonly referred to as *cryptocurrencies*. *Cryptocurrencies* were first defined as privately issued and cryptographically secured digital currencies, *Cryptocurrencies* were first introduced by Sathosi Nakamoto's account in the form of bitcoin, and bitcoin has now also been used for investments. *Cryptocurrencies* have 2 main elements, namely *cryptography* and *blockchain*.³ *Cryptocurrencies* as virtual currencies use cryptographic technology as security and are difficult to counterfeit and where transactions can be done or must be done on the internet (*online*) network for each data transaction will be encoded using certain cryptographic algorithms.⁴ *Cryptocurrencies* differ from existing currencies in that they are not issued by a central authority, there is no interference or manipulation by the government in their management.⁵ Initially, these cryptocurrencies were not seen as an exchange rate that could represent existing digital currencies. However, due to its rapid development, this cryptocurrency is immediately known to many people.⁶

Since it has become increasingly known by people in the world, currently virtual currencies (*Cryptocurrencies*) have shifted to virtual currencies that function for payments like money in general and are decentralized or only fully controlled by their users, free from government intervention.⁷ In other words, in practice the use of virtual money (*Cryptocurrency*) is very limited, there is no interference from certain parties (other than the users).⁸ Bitcoin can only be obtained from the mining process or mined by a certain tool and only after that can it be used for buying and selling between users.⁹ To make buying and selling transactions, it can be done directly between users or through a buying and selling exchange commonly called *an Exchange*.¹⁰ The way it works is similar to stocks, where the value is determined by the offer.¹¹

Based on Law No. 7 of 2011 concerning Currency, as well as Bank Indonesia Regulation No. 17/3/PBI/2015 concerning the Obligation to Use Rupiah, it has been expressly stated that the currency accepted as a means of payment in Indonesia is only Rupiah.¹² However, in the development of investment products, *Cryptocurrency* has begun to be recognized. This is stated in the Regulation of the Minister of Trade Number 99 of 2018 concerning the General Policy for the Implementation of Crypto Asset Futures Trading which recognizes crypto assets as commodities that are worthy of being used as subjects in the Futures Exchange.

³ Quinn Dupont, *Cryptocurrencies and Blockchains*, Polity Press UK, London, 2019, p. 33.

⁴ Ferry Mulyanto, The Utilization of Cryptocurrency as an Application of Rupiah Currency into the Form of Digital Currency Using Botcoin Technology, *Indonesia Journal On Networking and Security*, Vol 4, No.4, Jakarta, 2015, p. 21.

⁵ Siti Nurjannah and I Gede Artha, Bitcoin as a Crypto Asset in Indonesia in a Trade Perspective, *Kherta Negara Journal*, Vol. 7 No. 9, 2019, p. 5.

⁶ To. Wu, Spencer Wheatley, and Didier Sornette, "Domainification of Cryptocurrency Coins and Tokens by the Dynamics of Their Market Capitalizations," *Journal of Royal Society Open Science*, Vol. 5, No. 9, 2018, pp. 180-281, doi:10.1098/rsos.180381.

⁷ Dewi Indrayani Hamid, Cryptocurrency and the View of Legality According to Islam: A Literature Review, *Scientific Journal of Management and Business*, Vol. 3 No. 2, September 2020, pp. 16-27.

⁸ Medium.com, The Difference Between Cryptocurrency And Digital Assets, And Why Should Holders Care?, <https://medium.com/@xaurumofficial/thedifference-between-cryptocurrency-and-digital-assets-and-why-should-holders-care-33e00c62a3b9>, Accessed On July 18, 2023, at 14:50 WIB.

⁹ Rizki Candra Setiawan, Soesi Idayanti, Muhammad Wildan, The Development of Digital Commodities in Digital Assets in Indonesia, *Pancasakti Law Journal (PLJ)*, Vol. 1, No. 2, 2023, pp. 25-33.

¹⁰ Andreas M. Antonopoulos, *Mastering Bitcoin Programming the Open Blockchain*, O'Reilly Media, Inc., California, 2017, pp. 9-10.

¹¹ Julia S Kharitonova, Digital Assets and Digital Inheritance, *Law Digit Technology Journal*, Vol. 1 No. 1, 2021, pp. 112-124.

¹² Nurfia Oktaviani Syamsiah, A Study of Cryptocurrency as a Means of Payment in Indonesian Indonesia, *Journal On Networking And Security*, Vol. 6 No. 3, Jakarta, 2017, p. 54.

The regulation from the Ministry of Trade was then followed by the promulgation of four Regulations of the Commodity Futures Trading Supervisory Agency (Bappebti) which regulates the technical implementation of crypto asset and digital gold trading in the Futures Exchange, namely the Regulation of the Head of Bappebti Number 3 of 2019 concerning Commodities That Can Be Used as Subject to Futures Contracts, Sharia Derivative Contracts, and/or Other Derivative Contracts Traded on the Futures Exchange, Regulation of the Minister of Trade Number 99 of 2018 concerning General Policy on the Implementation of Crypto Asset Futures Trading, Regulation of the Commodity Futures Trading Agency Number 2 of 2019 concerning the Implementation of the Commodity Physical Market on the Futures Exchange, and Regulation of the Commodity Futures Trading Agency Number 5 of 2019 concerning Technical Provisions for the Implementation of the Physical Market of Crypto Assets (*Crypto Asset*) on the Futures Exchange.

Based on the legal principles contained in Bank Indonesia Regulation No. 11/12/PBI/2009 concerning Electronic Money, Bank Indonesia Regulation No. 18/40/PBI/2016 concerning the Implementation of Payment Transaction Processing, Bank Indonesia Regulation No. 19/12/PBI/2017 concerning the Implementation of Financial Technology, and Law No. 7 of 2011 concerning Currency, it can be concluded that *cryptocurrencies* is not a currency that can be accepted as a legal payment in Indonesia, but it needs to be emphasized that based on Article 1 of the Regulation of the Minister of Trade Number 99 of 2018 concerning the General Policy for the Implementation of Futures Trading, *Crypto Assets* have been recognized as commodities that are worthy of being used as subjects in the Futures Exchange in Indonesia.

Regarding commodities that are suitable to be used as subjects in the Futures Exchange in Indonesia, Article 1 Paragraph (1) of Law of the Republic of Indonesia Number 10 of 2011 concerning Amendments to Law Number 32 of 1997 concerning Futures Trading explains that bitcoin is a commodity that is suitable to be used as a subject in the Futures Exchange in Indonesia. In addition, in Appendix II of the Commodity Futures Trading Supervisory Agency Regulation Number 7 of 2020 concerning the Determination of the List of Crypto Assets that can be traded on the Physical Market of Crypto Assets, Bitcoin is listed at Number 1 as a type of crypto asset that is allowed to be traded on the Physical Market. Referring to the provisions of the attachment above and several regulations from the Ministry of Trade and Bappebti, currently, Crypto coin trading business actors in Indonesia are starting to dare to open a business in the field of digital assets, as reported from the official website of Bappebti, several Crypto asset trading companies registered with Bappebti have been registered, namely PT. Indodax Nasional Indonesia (Indodax), PT. Crypto Indonesia Berkah (Tokocrypto), PT Zipmex Exchange Indonesia (Zipmex), PT Indonesia Digital Exchange (Idex), PT. Doors Everywhere (Door), PT. Luno Indonesia LTD (Luno), PT. Cipta Koin Digital (Koinku), PT. Three Main Cores, PT. Upbit Exchange Indonesia, PT. Accountku Dotcom Indonesia, and PT. Trinity Investama Blessing.¹³

Based on the list of companies above, it can be said that bitcoin in Indonesia is not a rare item. In connection with bitcoin crypto asset transactions, Article 1 Paragraph (8) and Paragraph (9) of Bappebti Regulation Number 5 of 2019 explains that in crypto asset buying and selling transactions, there are two parties involved, namely Crypto Asset Physical Traders and Crypto Asset Customers. Traders here play the role of parties who facilitate crypto asset transactions between one customer and another. Customers here are referred to as Crypto Asset Customers who use the services of Crypto Asset Traders in buying and selling assets in the Crypto Asset Physical Market. Regarding buying and selling transactions through electronic media, including the buying and selling of crypto assets and bitcoin, Article 28 Paragraph (1)

¹³ <https://www.bappebti.go.id/>, accessed on July 18, 2023, at 00:45 WIB.

and Article 45A Paragraph (1) of Law Number 1 of 2024 concerning the Second Amendment to Law Number 11 of 2008 concerning Information and Electronic Transactions have explained that parties who are proven to disseminate Electronic Information and/or Electronic Documents that contain false news or misleading information so as to cause Consumers who suffer losses in their transactions can be threatened with a six-year prison sentence and/or a fine of one billion rupiah.

Although clear rules have been made regarding the buying and selling of crypto assets and bitcoin and are considered legal as subjects in the Futures Exchange in Indonesia, in practice, the Futures Exchange in its development in crypto asset trading still poses several problems. These problems include theft with hacking schemes or *Hacking*, and fraud.¹⁴ One of the cases theft carried out with hacking schemes that have occurred has caused losses of more than US\$ 610 million or equivalent to Rp 8.7 trillion rupiah. Citing CNBC International, this was detected within range *Poly Network*, a platform that looks to connect various *Blockchain* so that they can work together.¹⁵ Regarding the problem of fraud, considerable cases of fraud in bitcoin transactions have also occurred by means of a group of fraudsters in cyberspace or commonly referred to as *Scammer* who uses the profile *LinkedIn* fake with another user's Instagram image. In this action, the fraudsters managed to steal more than 2 million USD or the equivalent of IDR 22 billion rupiah, through a fake project offering new coins or *Initial Coin Offering* (ICO) is called Giza.¹⁶ In Indonesia itself, the cyberspace was also shocked by bitcoin transaction fraud by profiteering from the name of PT. Indodax Nasional Indonesia (Indodax), as reported in the electronic media Republika on June 13, 2023.¹⁷ Polda Metro Jaya uncovered fraud case Crypto Investing who profited from the company name of PT. Indodax Indonesian national. As a result of the fraud, PT. Indodax admitted to experiencing immaterial losses. In addition, the victims had to lose up to Rp. 625,000,000.00 (six hundred and twenty-five million rupiah). In this case, the police have arrested and designated two people as fraud suspects. From the two examples of cases abroad and one case that occurred domestically, of course, the aspect of legal protection for members needs to be regulated in Bappebti regulations so that members can know the procedures for reporting and resolving disputes if they are harmed due to crimes on the internet or *Cyber Crime* where A Physical Trader of Crypto Assets who acts as a party that facilitates crypto asset transactions between one customer and another.

Research Methods

The specification of this study is descriptive analysis. The approach used is a normative juridical approach supported by an empirical juridical approach. The data used in this study are secondary data and primary data. Then the data is analyzed qualitatively and presented in a qualitative descriptive form.

Results of Research and Discussion

Legal Protection for Members in Buying and Selling Digital Assets with the Use of Bitcoin Cryptocurrency on the Indodax Indonesia Trading Platform

¹⁴ Oktaviani Jannah, Legal Protection for Futures Brokerage Customers in the Event of Default Committed by Futures Trading Brokers, *Journal of Law and Justice*, Vol. 8 , No. 2, 2018, pp. 1-12.

¹⁵ <https://www.cnbcindonesia.com/news/20210811150143-4-267754/> full story hacker-steal-bitcoin, Retrieved on July 18, 2023, at 13:00 WIB.

¹⁶ Roy Franedya, 'The Story of Digital Money Investor Fraud Through Coin Offering', <https://www.cnbcindonesia.com/fintech/20180312174519-37-6993/kisah-penipuan-investor-uang-digital-melalui-penawaran-koin/1>, Accessed on July 20, 2023, at 15:00 WIB.

¹⁷ <https://news.republika.co.id/berita/rw6u3m436/the-name-of-the-company-profitable-fraud-crypto-investment-pt-indodax-akui-permaterial-loss>, accessed on July 20, 2023, at 13.19 WIB.

The law functions to protect human interests, so it must be carried out professionally. The law must be upheld in order to realize legal certainty, which is a *judicious* protection against arbitrary actions. The community expects legal certainty because with legal certainty the community will be orderly, safe and peaceful. The community expects benefits in the implementation of law enforcement. The law is made to protect humans, so the implementation of the law must provide benefits and usefulness for society. The law is not implemented to cause unrest in society. The law must be able to protect the rights and obligations of every individual in real reality.

Based on the description mentioned above, it can be seen that legal protection is any form of effort to protect human dignity and dignity as well as recognition of human rights in the legal field, in this discussion one of them refers to the protection of Members in transactions of buying and selling digital assets with the use of *Bitcoin cryptocurrency* on *trading* platforms Indodax Indonesia. Asset purchase and sale transactions are usually based on a purchase and sale agreement between the parties who carry out the transaction. According to the theory of agreement, the conditions for the validity of the agreement can be divided into two, namely:¹⁸

1. Subjective Conditions

Subjective terms relate to the terms attached to the subject to which the agreement is bound.

2. Objective Conditions

Objective terms relate to the object, thing or legal act regulated in the agreement.

In connection with the above theory, based on interviews and surveys that have been conducted, the buying and selling of digital assets with the use of *Bitcoin Cryptocurrency* that has been carried out by members on the *Indodax Indonesia* Trading Platform is not based on an agreement between buyers and sellers. On the *Indodax Indonesia* *Trading Platform*, buyers and sellers Buy Digital Assets with the Use of *Bitcoin Cryptocurrency* do not bind themselves to an agreement, just like buying and selling transactions carried out by the public in the traditional market. According to Oscar Dermawan, the *Indodax Indonesia* *Trading Platform* acts as a provider of a place to buy and sell *Cryptocurrency* digital assets, one of which is Bitcoin to members and if there is a loss or problem in the transaction that has been made, PT. Indodax Nasional Indonesia cannot be held responsible for these losses.¹⁹ This happens because the mechanism for protecting against *Cryptocurrency* price risks in the Indonesian hukum system is carried out by transferring risk to investors who expect profits from price changes that occur.

Furthermore, the provisions for buying and selling *Cryptocurrency digital assets* according to Bappebti Regulation Number 5 of 2019 concerning Technical Provisions for the Implementation of the Physical Market of Crypto Assets on the Futures Exchange are as follows:

1. Account opening through the submission of company statement documents and risk notification documents to make an agreement.
2. Customers are given an account by a physical trader of crypto assets after making an agreement.
3. Risk notification documents that include price fluctuations, system failures, other related risks.
4. The implementation of anti-money laundering programs and the prevention of terrorism financing and the proliferation of weapons of mass destruction.
5. Crypto Asset Customers in transacting Crypto Assets through Crypto Asset Physical Traders are required to place their transaction funds in a separate account in the Trader's name for the benefit of the Futures Clearing House.

¹⁸ Subject, *Covenant Law*, Cet. VI, Intermasa, Jakarta, 1979, p. 10.

¹⁹ Interview with Oscar Dermawan, as CEO at PT. Indodax Nasional Indonesia, on October 25, 2024 at 16:20 WIB.

6. Then it is also required to place funds in the Futures Clearing Institution at least 70% of the overall management of the funds.
7. Every prospective Crypto Asset customer first transacts when they have sufficient funds and/or Crypto Asset balance.
8. Every transaction from Crypto Asset Customers through the Crypto Asset Physical Trader facility is required to be verified by the Futures Clearing House first.
9. The verification of the Futures Clearing House is carried out to fulfill the interests of guaranteeing and completing transactions.
10. Physical Traders of Crypto Assets and Futures Clearing Houses in their transaction reports submitted at the end of each trading day to the Futures Exchange to determine the price reference and market surveillance.

Based on the stipulations that have been described above, it can be said that in order to provide protection to members who carry out transactions in buying and selling *Cryptocurrency* digital assets, the Indonesian government has made regulations related to the procedures for carrying out *transactions for buying and selling Cryptocurrency* digital assets on the Futures Exchange. The ways of buying and selling Cryptocurrency digital assets are considered if you look at the way they are practiced on *the Indodax Indonesia Trading Platform*, it can be said that the *Indodax Indonesia Trading Platform* has complied with this provision.

Based on the results of an interview with Oscar Dermawan, as CEO of PT. Indodax Nasional Indonesia, before members are given an account, members will be notified of some information such as an explanation of the definition of the term used, the process of registration/registration of member information, identification and name of the member/verified member account, information media of the member/verified member account, scope of indodax trading activities, indodax transaction procedures, transaction fees, rejection, delay and cancellation of transactions, withdrawal limits, Indodax Vouchers, IndoDax Program, IndoDax Support Services, Service Cooperation, Complaint Handling Standards, Statements and Warranties, Responsibilities, Risks, Prohibitions, Confidentiality, Negligence, Intellectual Property Rights, Blocking and Freezing of Member Accounts, Taxes, Force Majeur, Notice, Dispute Resolution, and Legal Domicile.

Before obtaining an account on *the Indodax Indonesia Trading Platform*, each member will be asked to provide consent to provide identity and other things needed to create an account. This practice can be said to be an agreement because in the Indonesian legal system the principle of freedom of contract has been applied. Based on the principle of freedom of contract through electronic media, which is now known as electronic contracts. The electronic contract is considered valid if it has met the elements of the conditions for the validity of an agreement as stipulated in Article 1320 of the Civil Code. According to Article 48 Paragraph (3) of Government Regulation Number 82 of 2012 concerning the Implementation of Electronic Systems and Transactions, in the making of electronic contracts, it must contain the data and identity of the parties, objects and specifications, electronic transaction requirements, prices and fees, procedures in the right to cancel by the parties, provisions that give the right to the aggrieved party to be able to return the goods and/or request a replacement of the product if there are hidden defects; and legal options for electronic transaction settlement.

In relation to this provision, in practice in the process of registering and creating an account as a member of the *Indodax Indonesia Trading Platform*, one must first agree to the provisions in PT. Indodax. Administratively and the Indonesian legal system, the legal bond between the members and PT. Indodax Nasional Indonesia has qualified to enter into an agreement in conducting digital asset buying and selling transactions. An agreement or electronic agreement that has been made between a member and Indodax is valid because it contains the objective and subjective terms of the agreement.

Furthermore, according to Phillipus M. Hadjon, legal protection can be grouped into two types, namely:²⁰

1) Preventive Legal Protection

Safeguards put in place to prevent violations before they occur. This can be found in the regulations and provisions that are in place to avoid violations and provide answers or directions to meet obligations.

2) Repressive Legal Protection

Protection is enforced as a last line of defense, by imposing fines, jail sentences, or other consequences in the event of a conflict or violation.

Based on the two forms of legal protection that have been described above, preventive protection for members in buying and selling Cryptocurrency digital assets on the *Indodax Indonesia Trading Platform* is illustrated in several rules and implementation as follows:

1. The existence of basic provisions of freedom of contract

Referring to the provisions of Article 1338 of the Civil Code, the agreement that has been made by members and with PT. Indodax Nasional Indonesia is binding on both parties. This provision will be able to anticipate or prevent members from being trapped in unfair or manipulative situations and adverse agreements.

2. Existence of Provisions on the Legal Terms of the Agreement

According to Article 1320 of the Civil Code, the legal condition of an agreement is that those who bind themselves agree, are capable of making an agreement, regarding a certain matter and a halal cause.

3. The existence of provisions related to the procedures for the implementation of Electronic Systems and Transactions

In Government Regulation Number 79 of 2019 concerning the Implementation of Electronic Systems and Transactions, it is stipulated that every party who uses electronic systems and conducts electronic transactions must meet the requirements and adhere to the principles that have been determined. With this provision, members will be more protected from unauthorized transactions so that transactions with members can be more secure.

4. Provisions on the Technical Implementation of the Physical Market of Crypto Assets on the Futures Exchange

Technical provisions related to the implementation of the Physical Market of Crypto Assets on the Futures Exchange are listed in several Bappebti Regulations, namely Bappebti Regulation Number 5 of 2019 concerning Technical Provisions for the Implementation of the Physical Market of Crypto Assets on the Futures Exchange, Bappebti Regulation Number 13 of 2022 concerning Amendments to Bappebti Regulation Number 8 of 2021 concerning Guidelines for the Implementation of Physical Market Trading of Crypto Assets On the Futures Exchange and Bappebti Regulation Number 4 of 2023 concerning Amendments to the Regulation of the Commodity Futures Trading Supervisory Agency Number 11 of 2022 concerning the Determination of the List of Crypto Assets Traded on the Physical Market of Crypto Assets.

5. The existence of the Financial Services Authority (OJK) Investment Alert Task Force

The existence of this supervision can certainly prevent members from being trapped in adverse investment schemes. In 2021, the Financial Services Authority (OJK) Investment Alert Task Force has succeeded in issuing one form of crypto asset that is allowed to be traded on the futures exchange because the Financial Services Authority's (OJK) Investment Alert detected that the crypto asset had been traded with the *Multi Level Marketing* (MLM) system. With this action, members can also be protected from buying and selling

²⁰ Phillipus M. Hadjon, *Legal Protection for the People in Indonesia. A Study on the Principles of Handling by the Court in the Environment of the General Judiciary and the Establishment of the State Administrative Court*, PT. Bina Ilmu, Surabaya, 1987, p. 4.

Cryptocurrency digital assets on the *Indodax Indonesia* Trading Platform with the *Multi Level Marketing (MLM)* system.

6. The existence of Financial Services Authority Regulation Number 3 of 2024 concerning the Implementation of Financial Sector Technology Innovation.

The latest OJK Regulation regarding the Implementation of Financial Sector Technology Innovation can also be said to be a preventive legal protection for Members in the transaction of buying and selling Cryptocurrency digital assets on the *Indodax Indonesia* Trading Platform because this regulation regulates the basis for managing crypto progress in the financial sector in Indonesia.

7. Existence of a law on consumer protection

The Consumer Protection Law has stipulated that every product sold must not be harmful or contain an element of excessive risk. This is stated in Article 4 of Law Number 8 of 1999 concerning Consumer Protection. In other words, to provide preventive protection to members who make transactions to buy and sell Digital assets with the use of *Bitcoin Cryptocurrency* on the *Indodax Indonesia* Trading Platform, every product introduced on the *Indodax Indonesia* Trading Platform to members must be accompanied by detailed and correct information, so that product users do not have a wrong image of the *Bitcoin cryptocurrency*.

Regarding the repressive legal protection against members, according to Oscar Dermawan, as CEO at PT. Indodax Nasional Indonesia, related to a dispute in the Transaction of Buying and Selling Digital Assets with the Use of *Bitcoin Cryptocurrency* on the *Indodax Indonesia* Trading Platform or the existence of criminal acts that harm members On the *Indodax Indonesia* Trading Platform, there are several legal remedies that can be taken by members, namely:²¹

1. For Members who feel deceived by individuals in the Transaction of Buying and Selling Crypto Digital Assets, they can report fraud based on the provisions of Article 378 of the Criminal Code and Article 28 Paragraph (1) and Article 45A Paragraph (1) of Law Number 1 of 2024 concerning the Second Amendment to Law Number 11 of 2008 concerning Information and Electronic Transactions.
2. For those who feel that their investment agreement has been violated, civil proceedings for default can be carried out based on the provisions of Article 1234 of the Civil Code.
3. For those who feel aggrieved by PT. Indodax can sue for Unlawful Acts based on the provisions of Article 1365 of the Civil Code.

Based on the literature study that the author has conducted, in 2022, there is one civil case that occurred in connection with the legal relationship of PT. Indodax Nasional Indonesia with Indodax Indonesia Trading Platform Members. Then, in 2023, a criminal case has also been found where in the case of the criminal act there has been fraud to members on behalf of PT. Indodax Nasional Indonesia, so related to this incident PT. Indodax Nasional Indonesia will report to the police to protect its members from such actions. According to the author, based on the provisions that have been described above, it can be said that the aspect of legal protection for members on the existing *Indodax Indonesia* Trading Platform is still not optimal because the Indonesian government still does not have the authority to determine the applicable price for a crypto asset traded on the *Indodax Indonesia* Trading Platform.

Obstacles Faced by Members to Obtain Legal Protection When Buying and Selling Digital Assets Using the *Bitcoin Cryptocurrency* on the *Indodax Indonesia* Trading Platform

Obstacles refer to obstacles or obstacles that can hinder the achievement of a

²¹ Interview with Oscar Dermawan, as CEO at PT. Indodax Nasional Indonesia, on October 25, 2024 at 16:20 WIB.

predetermined goal or obstacles with circumstances that limit, hinder or prevent the achievement of goals.²² Meanwhile, legal protection in transactions and buying and selling digital assets with the use of *the Bitcoin Cryptocurrency* materially and formally is increasingly very important, considering the development of science and technology that continues to provide unlimited threats to the public in conducting electronic transactions to move the wheels of the economy of life. Thus, efforts to provide adequate legal protection for Members in transactions to buy and sell Cryptocurrency digital assets on the Indodax Indonesia *Trading Platform* are very important to be done.²³

Some of the obstacles faced by members to obtain legal protection when buying and selling Digital Assets with the use of *Bitcoin Cryptocurrency* on the *Indodax Indonesia Trading Platform* are as follows:

1. Lack of Understanding of Members of the Crypto Market

The lack of understanding of members about the system and mechanism of money circulation in the *Crypto Market* has become an obstacle that makes it difficult for members to obtain legal protection when making transactions to buy and sell digital assets with the use of *the Bitcoin Cryptocurrency* on the Indodax Indonesia *Trading Platform*. According to Oscar Dermawan, members' understanding of fund turnover is the main factor in preventing things that can cause losses to members when making transactions to buy and sell digital assets using *Bitcoin Cryptocurrency* on the Indodax Indonesia *Trading Platform* because if members do not understand the *Crypto Market*, it will be difficult for members to make transactions safely and smoothly.²⁴ The lack of understanding of the *Crypto market* often makes members confused and misunderstood in carrying out the stages of buying and selling transactions that they carry out.

2. Misinformation

Misinformation is also often an obstacle to obtaining legal protection when buying and selling digital assets using *the Bitcoin Cryptocurrency* on the Indodax Indonesia *Trading Platform*. Misinformation that is often found is about the types of crypto assets that can be traded on the Indodax Indonesia *Trading Platform*. According to the results of the survey that has been conducted, some members do not understand the types of crypto assets traded on the Indodax Indonesia *Trading Platform*, so they often choose the wrong one and end up suffering losses.

3. Member Identity Theft

Member Identity Theft has also become an obstacle to obtaining legal protection when buying and selling digital assets with the use of *the Bitcoin Cryptocurrency* on the Indodax Indonesia *Trading Platform*. According to the results of the survey that has been conducted, some members feel less protected in making transactions because there is a possibility of theft of member identities through the website system. According to the members who have been surveyed, this should be overcome by using a better verification system and system security from the Indodax Indonesia *Trading Platform*, but in 2020 the case of theft of Member Identity still occurred and caused losses to members of the Indodax Indonesia *Trading Platform*.

4. Member Identity Imitation or Profiteering of the Name of PT. Indodax Indonesia by irresponsible individuals.

Member Identity Imitation or Profiteering of the Name of PT. Indodax Indonesia by irresponsible individuals has also become an obstacle for members to obtain legal protection

²² <https://kbbi.web.id/kendala>, accessed on October 20, 2023, at 11:34 WIB.

²³ Febri Noor Hediati, Cryptocurrency Development and Legal Protection for Cryptocurrency Investment in Indonesia, *Journal Ikip Veteran*, Vol. 2, No. 1, 2022, pp. 48-60

²⁴ Interview with Oscar Dermawan, as CEO at PT. Indodax Nasional Indonesia, on October 25, 2024 at 16:20 WIB.

when making transactions to buy and sell digital assets using *the Bitcoin Cryptocurrency* on the Indodax Indonesia Trading Platform. According to the results of an online survey that has been conducted, some members feel worried and less protected because in 2023 there was a case of profiteering in the name of PT. Indodax Indonesia caused losses to members. In this case, the person claimed to be a party to PT. Indodax Nasional Indonesia and directs members to make unauthorized transactions outside the website system so that members' funds are controlled by these individuals.

5. Member Privacy Leak

The leak of Member Privacy has also become an obstacle for members to obtain legal protection when buying and selling digital assets with the use of *the Bitcoin Cryptocurrency* on *the Indodax Indonesia Trading Platform*. According to the results of an online survey that has been conducted to ten percent of members on *the Indodax Indonesia Trading Platform*, leaks of member privacy such as the leak of account passwords can cause transactions that are detrimental to members. Some members in the survey admitted that they were worried and threatened because privacy leaks could occur at any time considering that the entire trading system on *the Indodax Indonesia Trading Platform* was carried out online. Hacking can be easily carried out by irresponsible parties so that unauthorized transactions on member accounts can occur. In other words, a privacy leak can be the cause of fictitious transactions without the member's knowledge and the system is difficult to detect.

The above obstacles if related to the theory of will as the basis for the formation of the agreement described by Setiawan²⁵, then the obstacles in obtaining legal protection for members occur due to the existence of this provision of will. According to this theory of will, even if a person has made a statement that is different from what he wants, he is still bound by the statement he has made. Therefore, any member who does not understand *the Bitcoin Cryptocurrency* investment system on *the Indodax Indonesia Trading Platform* will find it difficult to obtain legal protection because what has been agreed by the member in the initial approval page for creating a member account is considered the same as what the member wants, even though it is not necessarily so.

Then, if it is related to the theory of legal protection, according to Soerjono Soekanto,²⁶ who explained that in addition to the role of law enforcement, there are five other factors that affect the law enforcement process and its protection, one of which is the legal factor, namely the legal form used as a basis for providing protection to members in the transaction of buying and selling *Cryptocurrency* digital assets on *the Trading Platform* Indodax Indonesia. According to the author, the occurrence of obstacles in obtaining legal protection by members of the Indodax Indonesia Trading Platform is also caused by the lack of rules that guarantee the price system of crypto digital assets in Indonesia. This also happens because this crypto digital asset is not a digital asset product developed according to the Indonesian legal system.

The core protocol of the entire Bitcoin crypto asset system, is managed and maintained by a team that is the developer of the program. The team in charge of managing and maintaining the entire bitcoin work system is called the bitcoin Foundation, an open nonprofit organization. *The Bitcoin foundation* is led by Gavin Andersen, a scientist who serves as the organization's leader. Andersen himself is the closest person to Satoshi Nakamoto (the creator of *bitcoin*) who has worked with him since *bitcoin* was first created. Although the *bitcoin foundation* is an organization that has the task and authority to manage and maintain the entire *bitcoin* system, *bitcoin* owners and active miners are also allowed to join due to its open nature. In other words, Indonesia's unclear and binding legal rules in the *bitcoin* system have become a triggering factor in providing legal protection to members in transactions of buying and selling

²⁵ Setiawan, *Principles of the Law of the Alliance*, Bina Cipta, Bandung, 1979, p. 15.

²⁶ Soerjono Soekanto, *Factors Affecting Law Enforcement*, Rajawali Press, Jakarta, 2005, p. 45.

Cryptocurrency digital assets on *the Indodax Indonesia Trading Platform*.

Conclusion

Legal Protection for Members in Bitcoin Cryptocurrency digital asset buying and selling transactions on *the Indodax Indonesia Trading Platform* includes: 1) Preventive legal protection , namely: a) The existence of the Basic Provisions of Freedom of Contract; b) The existence of provisions on the Legal Terms of the Agreement; c) The existence of provisions related to the procedures for the implementation of Electronic Systems and Transactions; d) The existence of provisions on the Technical Implementation of the Physical Market of Crypto Assets on the Futures Exchange; e) The existence of the Financial Services Authority (OJK) Investment Alert Task Force; f) The existence of Financial Services Authority Regulation Number 3 of 2024 concerning the Implementation of Financial Sector Technology Innovation; g) The existence of a law on consumer protection; 2) Repressive legal protection , namely: a) Members who feel deceived by individuals in the Transaction of Buying and Selling Crypto Digital Assets can report fraud based on the provisions of Article 378 of the Criminal Code and Article 28 Paragraph (1) and Article 45A Paragraph (1) of Law Number 1 of 2024 concerning the Second Amendment to Law Number 11 of 2008 concerning Information and Electronic Transactions, b) members who feel that their rights are not fulfilled according to the investment agreement that has been made can take civil proceedings for Default based on the provisions of Article 1234 of the Civil Code by demanding compensation, c) members who feel aggrieved by PT. Indodax can sue for Unlawful Acts based on the provisions of Article 1365 of the Civil Code demanding compensation.

The obstacles faced by members to obtain legal protection when buying and selling Digital Assets with the use of *Bitcoin Cryptocurrency* on *the Indodax Indonesia Trading Platform* are two, namely: 1) Internal Obstacles, namely the occurrence of Member Privacy Leaks due to weak system security protocols; and 2) External Constraints, namely: a) Lack of Members' Understanding of the Crypto Market; b) Misinformation; c) Theft of Member Identity; d) Imitation of Member Identity or Profiteering of the Name of PT. Indodax Indonesia by irresponsible individuals.

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