Cryptocurrency and Digital Asset Regulation: A Comparative Analysis of Economic and Business Law in Indonesia and India

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Astract

The rapid growth of cryptocurrencies and digital assets has created significant challenges for governments in regulating economic and business activities. Both Indonesia and India face similar issues concerning legal certainty, investor protection, and financial stability, yet they have adopted different regulatory approaches. This research aims to analyze and compare the regulatory frameworks governing cryptocurrencies and digital assets in Indonesia and India, using a comparative legal method that examines legislation, regulatory guidelines, and policies in both countries, supported by doctrinal interpretation and secondary literature. The findings reveal that Indonesia officially prohibits the use of cryptocurrencies as a means of payment but allows them to be traded as commodities under the supervision of the Commodity Futures Trading Regulatory Agency (Bappebti). In contrast, India has demonstrated a dynamic regulatory stance—initially imposing restrictions on cryptocurrency activities, later introducing a taxation framework, and currently considering the implementation of a central bank digital currency (CBDC). Despite these differences, both jurisdictions share the same fundamental objectives: to safeguard the financial system, prevent money laundering, and protect consumers. Indonesia's approach emphasizes strict market controls and legal certainty through prohibitions on payment functions, while India's model reflects regulatory fluidity and growing fiscal integration. This comparative analysis underscores the evolving nature of cryptocurrency governance in developing economies and highlights the need for balanced frameworks that promote innovation while maintaining financial stability and legal coherence.

I. Introduction

The rapid development of cryptocurrencies and digital assets has become a significant phenomenon in the global economy over the past decade. Starting with the emergence of Bitcoin in 2009, there are now thousands of types of crypto assets in circulation with a market capitalization reaching trillions of US dollars (Raj S & S, 2024). The presence of digital assets not only affects payment systems but also has a significant impact on investments, cross-border trade, and innovation in the financial sector. The blockchain technology underlying cryptocurrencies offers a decentralized, transparent, and relatively secure transaction system, making it potentially an alternative to the traditional centralized financial system (Astuti et al., 2022).

The adoption of cryptocurrency is increasingly widespread, not only among individuals but also financial institutions, multinational corporations, and even governments that are beginning to consider its utilization, both as an investment instrument and through the development of central bank digital currencies (CBDC) (Ayu & Wati, 2022). This trend indicates that digital assets have the potential to revolutionize the global economic structure. However, this growth also poses various challenges. High price volatility creates significant risks for investors and the stability of the financial system. Additionally, the pseudonymous nature of crypto transactions is often associated with money laundering, terrorist financing, and illegal cross-border activities (Houben & Snyers, 2018). On the other hand, the absence of uniform regulations between countries leads to legal uncertainty that can hinder the development of digital businesses and weaken investor protection. This makes the issue of regulation one of the most crucial aspects in the discourse of global economic and business law, including in developing countries such as Indonesia and India.

The development of cryptocurrencies and digital assets presents great opportunities for the global economy, but on the other hand, it poses various complex regulatory challenges, with the main issue being legal certainty. The unclear position of cryptocurrencies in the legal systems of many countries causes confusion among businesses, investors, and regulators. For example, some jurisdictions classify cryptocurrencies as commodities, while others treat them as securities or even prohibit their use altogether. This asynchrony creates uncertainty that can hinder innovation and reduce long-term investment interest (Anagnostopoulos, 2018).

Another concern regarding cryptocurrencies and digital assets is investor protection. The extreme price volatility of cryptocurrencies often causes significant losses for retail investors. The lack of regulation regarding transparency, governance of crypto exchanges, and consumer fund protection mechanisms increases vulnerability to fraud, market manipulation, and the collapse of trading platforms (Jensen et al., 2021). From a macroeconomic perspective, financial stability is also threatened by the potential for speculative bubbles and systemic risks if cryptocurrency adoption becomes more widespread without adequate regulation. The Bank for International Settlements (2021) emphasizes that regulatory uncertainty can disrupt the effectiveness of monetary policy and pose risks to the global financial system (Sari Sukarno & Pujiyono, 2020).

Another crucial challenge is the risk of money laundering and terrorist financing. The pseudonymous nature of crypto transactions makes them vulnerable to misuse in illegal cross-border activities. The Financial Action Task Force (2019) even identifies

virtual assets as one of the high-risk instruments for money laundering and terrorism financing practices, urging countries to implement strict regulatory standards (Alhakim & Tantimin, 2024). For developing countries like Indonesia and India, these issues are increasingly pressing because the development of the digital asset market is outpacing regulatory readiness, making comparative analysis relevant to find a balanced regulatory model (Ayu & Wati, 2022).

The legal position in Indonesia regarding cryptocurrency is ambivalent. On one hand, the government, through Law Number 7 of 2011 concerning Currency, affirms that the only legal means of payment is the rupiah, thus prohibiting the use of cryptocurrency as a means of payment. This prohibition was later reinforced by Bank Indonesia through Bank Indonesia Regulation Number 18/40/PBI/2016 concerning the Implementation of Payment Transaction Processing, which closes the space for cryptocurrencies to be used in transactions for the sale and purchase of goods and services. This policy demonstrates the monetary authority's cautious attitude in maintaining the sovereignty of the rupiah and the stability of the national financial system (Hadiyantina et al., 2024).

Another perspective from the Indonesian government regarding cryptocurrency is that it does not completely close off access in practice. Through the Commodity Futures Trading Regulatory Agency (Bappebti), crypto assets are actually recognized as a legitimate commodity for trading. This is regulated in Bappebti Regulation Number 5 of 2019 concerning Technical Provisions for the Implementation of the Physical Market of Crypto Assets on the Futures Exchange, which was subsequently updated with a number of derivative regulations (Hafidz Muyassar et al., 2023). With this policy, Indonesia opens a legal space for cryptocurrency trading, but only as an investment and speculation instrument, not as a currency or means of exchange.

In contrast to Indonesia, cryptocurrency in India shows fluctuating and uncertain regulatory dynamics. In 2018, the Reserve Bank of India (RBI) issued a policy prohibiting financial institutions from providing services to entities or individuals dealing with crypto assets. This policy effectively closed the official cryptocurrency transaction space in India. However, this strict stance was then challenged in court, and in 2020 the Supreme Court of India overturned the RBI ban on the grounds that it violated the principle of freedom of business and the constitutional rights of citizens (Batheja & Goel, 2021). In 2022, India introduced a policy imposing a 30% tax on profits from digital asset trading, as well as a tax deduction at source (TDS) obligation for certain transactions. This step demonstrates a de facto recognition of the existence of cryptocurrency as an investment instrument, although there is no comprehensive law clearly regulating its position in the Indian legal system (Dhiman & Jamwal, 2025). India is also taking a strategic initiative by launching a Central Bank Digital Currency (CBDC) project managed by the RBI. This CBDC is expected to be an official instrument that can accommodate the public's need for digital currency, while providing a safer alternative compared to private cryptocurrencies (Priyadarshini & Kar, 2022).

The topic of cryptocurrency and digital asset regulation has very high relevance for economic and business law in developing countries. First, developing countries generally face structural challenges in the form of limited financial infrastructure, low financial inclusion, and the dominance of informal transactions. The presence of cryptocurrency is seen as an opportunity to expand access to financial services,

accelerate economic digitization, and increase public participation in global business activities (Houben & Snyers, 2018). Second, from an economic law perspective, regulatory uncertainty can actually pose serious risks. Without a clear legal framework, the digital asset market is vulnerable to speculative practices, fraud, and manipulation that can harm retail investors. Developing countries, where most of the population still has low financial literacy, are potentially the most affected group by this legal uncertainty (Jensen et al., 2021).

The third point, from a business law perspective, is that cryptocurrency opens up opportunities for new business model innovations, such as fintech, decentralized finance (DeFi), and more efficient cross-border trade. However, without adequate rules of the game, these innovations can clash with conventional regulations that are not designed to accommodate digital assets. This situation requires developing countries to formulate policies that are not only reactive but also adaptive to technological changes (Anagnostopoulos, 2018). Fourth, for developing countries like Indonesia and India, the relevance of this topic also lies in the aspect of protecting national interests. Weak regulations have the potential to threaten monetary stability, open loopholes for cross-border money laundering, and reduce the effectiveness of fiscal policy. Therefore, discussions regarding cryptocurrency regulation are not just a technological or investment issue, but a strategic issue related to the sustainability of the national economic and business legal system.

Academic studies on cryptocurrency and digital assets have grown rapidly in the last decade. Early research focused heavily on the potential of blockchain technology in creating a more transparent, secure, and efficient financial system (Tapscott & Tapscott, 2016). Thus emphasizing that while cryptocurrency offers innovative opportunities, there are significant risks in the form of price volatility, regulatory uncertainty, and the potential for misuse for illegal activities.

From a legal perspective, they identify that the main challenge lies in the harmonization of regulations across countries, as differences in legal approaches can hinder global market integration (Singh, 2023). Furthermore, they highlight that the absence of international regulatory standards makes cryptocurrency vulnerable to money laundering and terrorist financing practices.

In the context of Indonesia, they affirm that the prohibition of using cryptocurrency as a means of payment aims to maintain the sovereignty of the rupiah, but opens up opportunities through the recognition of crypto assets as tradable commodities (Bintarto, 2022). In contrast to practices in India, they emphasize the legal uncertainty due to fluctuating policies ranging from a total ban to the implementation of taxes. And underscore that although India has begun to recognize digital assets through its taxation system, clear and comprehensive regulations have not yet been established (Ganeshkumar et al., 2024).

From the literature survey, it is evident that most research is still focused on a single jurisdiction and is normative in nature, so comparative studies between countries, especially in developing countries like Indonesia and India, are still very limited. This confirms the existence of a research gap that needs to be filled through a comparative analysis of economic and business law in the context of cryptocurrency regulation. The urgency of this research lies in the fact that cryptocurrency regulation is still evolving and full of uncertainty. In addition, the policy differences between Indonesia and India

can provide important lessons regarding cryptocurrency. Furthermore, a more comprehensive analysis of economic and business law is needed so that regulations can be balanced to support innovation while maintaining financial stability. Therefore, the authors formulate the problems as follows: (1) What are the regulatory frameworks for cryptocurrency and digital assets in Indonesia and India? (2) What are the main similarities and differences in the regulatory approaches of the two countries, and what are the implications for economic and business law?

This research aims to analyze the similarities and differences in cryptocurrency regulation in Indonesia and India. In addition, it aims to examine its implications for economic law, business, and investor protection. As well as to provide conceptual recommendations for the development of regulations in the future.

2. Research Method

This research is a normative legal study with a comparative approach. The focus of the research is directed at the analysis of cryptocurrency and digital asset regulations in Indonesia and India within the framework of economic and business law. The approach methods used are: statute approach, conceptual approach, and comparative approach. The sources of legal materials used consist of primary, secondary, and tertiary legal materials. The data collection technique is qualitative, using secondary data obtained through international legal databases, scientific publications, and official websites of regulators in Indonesia and India. The method of analysis of legal materials used is normative-comparative qualitative analysis, which involves interpreting existing legal provisions, comparing regulatory frameworks in the two countries, and then drawing conclusions about their implications for economic and business law. This analysis aims to find the similarities, differences, strengths, and weaknesses of each regulatory system, as well as to formulate conceptual recommendations.

3. Results and Discussion

Legal and Regulatory Framework of Indonesia and India

The legal frameworks regarding cryptocurrency in Indonesia and India show different approaches despite having the same goals, namely maintaining financial stability, protecting consumers, and controlling the risk of financial crime. Indonesia tends to implement more conservative regulations by limiting the use of crypto only to the realm of commodity trading (Bintarto, 2022), while India has experienced fluctuating regulatory dynamics from a total ban to recognition through the tax system (Batheja & Goel, 2021). These different approaches reflect the variation in developing countries' strategies in responding to the globalization phenomenon of digital assets, where economic, political, and the capacity of legal institutions play a major role in determining the direction of policy.

Cryptocurrency regulation in Indonesia emphasizes the protection of monetary sovereignty. The prohibition of using cryptocurrency as a means of payment is rooted

in the principle of national currency sovereignty. Law Number 7 of 2011 concerning Currency affirms that the rupiah is the only legal means of payment in the territory of Indonesia (Chang, 2019). On this basis, Bank Indonesia issued a policy that closed the space for the use of crypto assets in payment transactions, one of which was through BI Regulation Number 18/40/PBI/2016 concerning the Implementation of Payment Transaction Processing. This rule was reaffirmed through various official statements from Bank Indonesia which stated that all forms of transactions using cryptocurrency as a substitute for the rupiah are illegal (Bintarto, 2022).

The prohibition of the use of crypto in Indonesia is based on considerations of monetary stability and protection of the national payment system. The use of crypto as a medium of exchange is feared to reduce the state's control over the circulation of money, cause exchange rate volatility, and open opportunities for money laundering and terrorist financing practices (Alhakim & Tantimin, 2024). Thus, Indonesia's position demonstrates a firm stance, namely that cryptocurrency may be used as a commodity or investment instrument, but may not function as an alternative currency in the domestic economy. Indonesia strictly prohibits the use of cryptocurrency as a means of payment, but the government still provides room for utilization through the recognition of crypto as a tradable commodity. This arrangement is under the authority of the Commodity Futures Trading Regulatory Agency (Bappebti), which is an institution under the Ministry of Trade. This is affirmed through Bappebti Regulation Number 5 of 2019 concerning Technical Provisions for the Implementation of Physical Crypto Asset Markets on Futures Exchanges, along with its derivative regulations governing trading mechanisms, exchange organizer governance, and requirements for tradable crypto assets (Hafidz Muyassar et al., 2023).

This policy reflects a compromise approach, namely that on the one hand the state maintains the sovereignty of the rupiah as the only means of payment. But on the other hand, the government does not turn a blind eye to the economic potential of digital asset trading. Through this scheme, cryptocurrency is treated similarly to other commodities such as gold or oil, so that people can invest in crypto legally through official futures exchanges(Lestari, 2025). However, recognition as a commodity also poses a number of challenges. Investor protection is still limited, given the very high price volatility of crypto, as well as digital security risks that have not been fully anticipated. In addition, Bappebti's supervision focuses more on the trading aspect, not comprehensive consumer protection. Thus, although this policy provides legal certainty for crypto trading, it is still necessary to strengthen cross-sectoral regulations, including coordination with financial authorities and information technology supervisory institutions. The next policy in India is seen from the government's initial attitude towards cryptocurrency, which tended to be restrictive. In 2018, the Reserve Bank of India (RBI) issued regulations that effectively prohibited all financial institutions from providing services to individuals or business entities related to cryptocurrency. This policy was practically equivalent to a total ban, because without the support of the banking system, crypto trading and business activities were paralyzed(Batheja & Goel, 2021). The main reasons behind this ban were concerns about the risk of financial stability, the potential for money laundering, and the possibility of misuse for terrorist financing. In addition, the Indian monetary authority assessed that the price volatility of

crypto could threaten the security of the national financial system, especially when the regulatory ecosystem is not yet mature(Batheja & Goel, 2021).

The 2018 RBI ban had a significant impact, including a drastic decline in domestic crypto trading volume, investor migration to foreign exchanges, and an atmosphere of uncertainty for blockchain-based technology innovation. This firm step by the RBI demonstrates India's very cautious, even repressive, approach to dealing with the phenomenon of digital currencies in the early stages of their development. The total ban on cryptocurrency in India did not last long. In March 2020, the Supreme Court of India issued an important ruling that overturned the Reserve Bank of India (RBI) policy in 2018. In the ruling, the Court assessed that the RBI ban was contrary to the constitution, especially the fundamental rights of Indian citizens to carry out trade and business as guaranteed in Article 19(1)(g) of the Indian Constitution (Raj S & S, 2024).

The Supreme Court argued that although the government has the authority to regulate financial activities for the sake of economic stability, a total ban was considered disproportionate and closed off opportunities for innovation in the financial technology sector. This decision marked a turning point for the crypto ecosystem in India, because afterwards domestic crypto exchanges became active again and investors gained legal space, albeit limited. The implications of the decision were very significant. India began to move from a ban approach to partial regulation, providing space for crypto activities while considering more appropriate oversight mechanisms. This decision also paved the way for the government to explore new policy models, including the application of taxes on digital assets and the development of a Central Bank Digital Currency (CBDC)(Bilal Irfan & M, 2022). Thus, the Supreme Court played an important role in balancing the interests of financial stability with the need for digital economic innovation.

In 2020, after the Supreme Court of India overturned the total ban, the Indian government sought to reorganize its cryptocurrency-related policies with a more pragmatic approach. In 2022, the government introduced a new fiscal framework through the Finance Act, which stipulated a 30% tax on profits from the transfer of virtual digital assets (VDAs). In addition, a Tax Deducted at Source (TDS) obligation of 1% was also imposed for each crypto transaction above a certain value. This policy signaled that although crypto has not been recognized as a legal means of payment, the government recognizes its existence as an economic object that can be used as a source of state revenue(Singh, 2023). The implementation of this tax has two main implications. First, it creates fiscal certainty for market players, because crypto transactions are now within the radar of official regulations. And secondly, this policy has sparked debate among investors, because the high tax rate is considered to suppress liquidity and trigger a migration of trade to foreign exchanges.

In line with this, India also announced plans to develop a Central Bank Digital Currency (CBDC) managed by the RBI. This CBDC is seen as an instrument to increase the efficiency of the payment system, strengthen financial inclusion, and reduce dependence on private crypto assets. The initial phase of the CBDC trial, called Digital Rupee, was launched at the end of 2022 involving a number of large banks in India. This dual approach of taxing private digital assets while developing a CBDC demonstrates India's strategy to control crypto risks while leveraging monetary innovation opportunities(Priyadarshini & Kar, 2022). Thus, India strives to balance the protection of the financial system with the development of a globally competitive digital economy.

Comparatively reviewed between Indonesia and India, Indonesia shows a more consistent stance in establishing the legal position of cryptocurrency. From the outset, the government closed off the possibility of crypto being used as a means of payment, but at the same time provided clear space by recognizing it as a commodity under Bappebti. This model equates crypto with other investment assets such as gold or oil, resulting in more stable regulation even though the scope for monetary innovation is limited. This consistency provides certainty for investors that crypto can only be treated as a trading instrument, not as a substitute for currency. Unlike Indonesia, India has shown a more fluctuating approach. Starting with a total ban by the RBI (2018), then overturned by the Supreme Court (2020), and shifting to fiscal regulation with high taxation (2022) as well as the development of a Central Bank Digital Currency (CBDC). This transition indicates that India is seeking a balanced regulatory model, but past policy inconsistencies create legal uncertainty for investors. Thus, the difference between the two countries can be seen in their strategic regulatory direction: Indonesia prioritizes monetary stability by treating crypto merely as a commodity, while India has started to treat crypto as a fiscal object and is testing monetary opportunities through CBDC. This means Indonesia has chosen a more cautious and conservative path, whereas India tends to be progressive despite the risk of regulatory upheaval.

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Legal Certainty and Protection of Indonesian and Indian Investors

Indonesia has provided a relatively clear legal framework by positioning cryptocurrency as a commodity under the supervision of the Commodity Futures Trading Regulatory Agency (Bappebti)(Hafidz Muyassar et al., 2023). This provides legal certainty for the public that crypto asset trading activities can be carried out legally as long as they follow applicable regulations. Bappebti regulations govern the technical aspects of trading, including a list of crypto assets that are legally traded, requirements for crypto exchanges, and transaction recording mechanisms(Hafidz Muyassar et al., 2023). This certainty legitimizes investors and business actors that crypto is recognized in the realm of investment law.

On the other hand, a difference is found regarding protection for retail investors, which is still considered weak. Bappebti focuses more on trade regulation, while aspects of consumer protection such as cost transparency, dispute resolution mechanisms, and guarantees of digital asset security have not been fully accommodated. Many retail investors still face significant risks due to price volatility, lack of education, and suboptimal exchange governance practices(Chang, 2019). Cases of delayed fund disbursement or price manipulation on several domestic crypto platforms indicate gaps in supervision. This condition shows that although there is limited legal certainty through Bappebti regulations, the quality of investor protection is not balanced with the growth of the crypto market. Therefore, it is necessary to strengthen cross-authority coordination, for example by involving the Financial Services Authority (OJK) and Bank Indonesia, so that investor protection is more comprehensive and systemic risks can be minimized(Bintarto, 2022).

In contrast to Indonesia, which designates crypto as a commodity, India has chosen the path of fiscal recognition. Through the Finance Act 2022, the Indian

government imposed a 30% tax on profits from digital assets and a Tax Deducted at Source (TDS) obligation of 1% on certain transactions. This policy marks the certainty that crypto is recognized as a legitimate economic object in the realm of taxation, so that crypto trading activities are not entirely in a gray area (Batheja & Goel, 2021). However, behind this fiscal certainty, the legal status of digital assets in India is still ambiguous. There is no specific law that explicitly regulates crypto as a commodity, security, or official investment instrument. The government itself often issues diverse statements, ranging from plans for a total ban to encouragement to regulate crypto as a digital asset. This inconsistency causes confusion for investors, especially retail investors, regarding the long-term legitimacy of owning and trading crypto assets(Raj S & S, 2024).

For investors, this situation leads to increased regulatory uncertainty. Although taxes provide a framework of partial certainty, the high tax burden actually makes some investors feel pressured and choose to move transactions to foreign exchanges. Furthermore, the absence of specific protection mechanisms for crypto consumers, for instance, regarding transaction transparency, digital asset security, and dispute resolution, places retail investors in a vulnerable position(Bilal Irfan & M, 2022). Thus, India still faces a dilemma between leveraging the tax potential of crypto and providing adequate legal protection for investors.

From the perspective of legal certainty, Indonesia is superior in terms of classification. From the outset, the position of cryptocurrency has been clearly established as a commodity under the supervision of Bappebti. This certainty ensures that investors, business actors, and regulators have a common understanding that crypto is not a means of payment, but rather an investment instrument based on futures trading. Although its scope is limited, this consistency helps to reduce legal confusion in the domestic market(Bintarto, 2022). Conversely, India is superior in the aspect of fiscal recognition. The imposition of taxes on digital assets since 2022 signals that the government recognizes crypto as part of the formal economy, particularly in terms of contributing to state revenue. However, because there is no substantive regulation that clearly governs the legal status of crypto, investors still face uncertainty regarding the position of digital assets in the legal system (Dhiman & Jamwal, 2025).

Between Indonesia and India, both face significant weaknesses in investor protection, especially for retail investors. Transparency of costs, security of digital asset storage, and dispute resolution mechanisms are still minimal in both countries. This situation poses a high risk for investors who do not fully understand the complexities of the crypto market. The lack of investor protection regulations in both Indonesia and India puts retail investors in a vulnerable position. Many of them enter the crypto market without adequate understanding of price volatility, digital security risks, and common speculative practices. Without strong legal protection and adequate financial education, investors are easily trapped in large losses, fraud, and asset loss due to weak crypto exchange supervision systems (Houben & Snyers, 2018). This indicates that existing regulations are still more focused on the interests of the state (monetary stability or tax revenue) rather than providing comprehensive protection guarantees for the public. Thus, although Indonesia and India have their respective advantages, both need to strengthen consumer protection regulations so that the crypto ecosystem can develop sustainably.

Implications for Financial Stability and Monetary Systems of Indonesia and India

Financial stability is a condition where a country's financial system, including banking, capital markets, and financial institutions, can function properly, support economic growth, and withstand internal and external shocks. This stability is important so that the public maintains confidence in the financial system and economic activities run smoothly(Jensen et al., 2021). Meanwhile, the monetary system relates to the mechanisms for regulating the money supply, interest rates, inflation, and exchange rates, which are usually controlled by the central bank. A stable monetary system allows the government to maintain the value of the currency, control inflation, and support fiscal policy and economic development. In the context of digital assets, financial stability and the monetary system face new challenges. Volatile cryptocurrencies can disrupt inflation control and reduce the effectiveness of monetary policy, especially if widely used as a means of payment(Houben & Snyers, 2018). Therefore, many countries are trying to strike a balance between opening up space for digital innovation and maintaining macroeconomic stability.

Indonesia's policy of prohibiting cryptocurrency as a means of payment is driven by the need to maintain the sovereignty of the rupiah as the sole legal currency. With this step, Bank Indonesia seeks to ensure that monetary stability is not disrupted by the presence of volatile digital assets that do not have intrinsic value support. The ban is also in line with the precautionary principle in preventing potential risks to the national payment system, including threats to inflation control and the effectiveness of monetary policy(Chang, 2019). However, an overly strict approach also has consequences in the form of limited digital innovation in the monetary sector. While other countries are beginning to integrate digital assets into their financial systems, Indonesia prefers a conservative path by only regulating crypto as a trading commodity. This causes the development of blockchain-based financial technology, especially in the fields of payment systems and digital banking, to proceed more slowly(Jensen et al., 2021). The implication is that Indonesia is relatively safe in maintaining the stability of the rupiah but has the potential to lag behind in the adoption of global monetary innovations such as Central Bank Digital Currency (CBDC) or the integration of digital assets into formal financial services. In other words, a protective policy towards the rupiah has succeeded in suppressing short-term risks, but could become an obstacle in facing long-term digital economic transformation. In contrast to Indonesia, which chose a conservative path, India is more progressive in launching trials of a Central Bank Digital Currency (CBDC) or Digital Rupee since the end of 2022.

The Central Bank Digital Currency (CBDC) or Digital Rupee, which has been carried out since 2022, is a strategy to strengthen digital monetary control, improve the efficiency of payment systems, and expand financial inclusion. With CBDC, the Indian government can reduce public dependence on unstable private cryptocurrencies, while creating a safer and more official alternative that can be supervised by monetary authorities. However, despite this innovation, India still faces serious problems related to regulatory uncertainty. The fluctuating policy journey from a total ban in 2018, annulment by the Supreme Court in 2020, to the imposition of taxes in 2022 has created a regulatory climate that is not yet solid(Priyadarshini & Kar, 2022). This situation causes

the Indian crypto market to remain volatile, as investors and businesses lack long-term certainty about the direction of the country's policies.

The implication in India is that, although CBDC has the potential to strengthen monetary stability in the future, the risk of crypto market volatility remains high due to legal uncertainty and regulatory inconsistency. This reflects India's policy paradox, which on the one hand seeks to lead digital monetary innovation through CBDC. But on the other hand, it has not succeeded in creating a stable and conducive regulatory ecosystem for the development of private digital assets(Halder & Saiyed, 2022). The comparison seen between Indonesia and India reveals a fairly sharp difference in policy orientation. Indonesia tends to be conservative by closing off the use of cryptocurrency in the payment system to maintain the sovereignty of the rupiah and avoid risks to monetary stability. This approach has succeeded in suppressing potential disruptions to the short-term financial system, but on the other hand, it limits the space for digital innovation in monetary matters, especially the adoption of blockchain technology for payments. Meanwhile, India is taking a more progressive step through the Digital Rupee CBDC launch initiative (Priyadarshini & Kar, 2022). This step places India as one of the developing countries that is trying to enter the global digital monetary transformation. However, this progressiveness is overshadowed by legal and regulatory instability, which is characterized by changing policies and the unclear legal status of private crypto. This condition makes India's financial stability still vulnerable to market volatility and investor confusion.

Based on the explanation above, it can be seen that Indonesia excels in maintaining short-term stability through a conservative approach. Meanwhile, India excels in digital monetary innovation but faces the risk of legal uncertainty which could weaken policy effectiveness. Both countries show that the main challenge is not just about choosing conservative or progressive approaches, but how to build a balance between monetary stability, legal certainty, and the encouragement of digital innovation. Building a balance between monetary stability, legal certainty, and encouraging digital innovation is a major challenge for developing countries such as Indonesia and India. On the one hand, monetary stability must be maintained so that fiscal policies and monetary instruments remain effective, especially in the face of the volatility of digital assets which has the potential to disrupt the value of the national currency. On the other hand, legal certainty is needed so that investors, businesses, and the public have clear guidance regarding the legal position of cryptocurrencies and digital assets in the legal system(Ganeshkumar et al., 2024). The next point related to encouraging digital innovation cannot be ignored either. Blockchain, smart contracts, and Central Bank Digital Currencies (CBDCs) offer great opportunities for payment system efficiency, increased financial inclusion, and digital economic development. If a country is too conservative, like Indonesia, innovation can be hampered and it can be left behind in global competition. Conversely, if it is too progressive without mature regulations, like India, market stability can be disrupted due to legal uncertainty. Therefore, the most ideal strategy is to design hybrid regulations, namely limiting the use of crypto as a means of payment to maintain monetary sovereignty, while opening up space for innovation in the financial technology sector with clear and transparent rules(Bilal Irfan & M, 2022). With this balance, the country not only maintains economic

stability, but is also able to harness the potential of digital assets as an engine for sustainable digital economic growth.

Impact on Business Law and the Digital Economy of Indonesia and India

Business law is a set of legal rules that govern all trading, commercial, and business activities, both nationally and internationally. Meanwhile, the digital economy refers to economic activities driven by the use of information technology, communication, and the internet, ranging from e-commerce transactions, digital financial services (fintech), to new technologies such as blockchain and cryptocurrency*(Jensen et al., 2021).* In business law in the digital era, there are important aspects, namely consumer and investor protection, legal certainty, tax regulations, healthy business competition, and cyber security as well as the prevention of financial crimes. In general, the main challenge of business law in the digital economy is to maintain a balance between innovation and protection. Regulations that are too strict can hamper the growth of new technologies, but regulations that are too lax risk causing market instability and losses for the public. Therefore, business law in the digital economy must be adaptive, progressive, and integrated across sectors in order to respond to rapid technological developments while maintaining legal certainty for businesses and consumers(Ahuja et al., 2021). In Indonesia, the position of cryptocurrency as a commodity supervised by the Commodity Futures Trading Regulatory Agency (Bappebti) opens up relatively controlled investment opportunities. Investors and businesses can trade digital assets on officially registered exchanges, so that transaction activities are within a clear legal framework. This supervision also provides basic legal certainty for investors, although limited to crypto trading as a speculative instrument(Ayu & Wati, 2022). Thus, investment potential remains open, albeit within a strict scope and more focused on the trading aspect rather than financial innovation.

Indonesia's conservative regulations also hinder blockchain-based business innovation. Blockchain technology has great potential in the financial sector, logistics, supply chain management, and public services. However, because Indonesia's legal framework only recognizes crypto as a commodity and prohibits its use as a means of payment, many blockchain-based innovations cannot develop optimally. Business actors who want to integrate blockchain into digital financial models must face regulatory limitations that tend to be protective(Ahuja et al., 2021).

The implication of its conservative nature is that Indonesia's digital economic ecosystem is still in a defensive position. This means that it is able to control risks from the investment side, but risks falling behind in utilizing the potential of blockchain as a driver of digital transformation. This shows that Indonesia prioritizes security and stability, but needs to start designing more adaptive regulations so as not to lose the momentum of global digital economic development (Hadiyantina et al., 2024).

India is taking a more fiscally-oriented approach to digital assets by imposing taxes on crypto transactions through the Finance Act 2022. This policy is not only an instrument of state revenue, but also marks a de facto recognition that digital assets have legitimate economic value in the financial system. Thus, the crypto business sector in India has partial legitimacy to operate, although its legal status is still not entirely clear(Batheja & Goel, 2021).The initiative to launch the Central Bank Digital Currency

(CBDC) and Digital Rupee opens up wider opportunities for the development of financial technology-based business models. The presence of CBDC is expected to strengthen digital integration in the payment system, accelerate financial inclusion, and encourage digital business innovation that utilizes the blockchain ecosystem(Priyadarshini & Kar, 2022). This signals that India is striving to balance the need for monetary control and the utilization of digital technology for economic growth. However, this great potential is still overshadowed by high legal risks. Policy inconsistencies, drastic regulatory changes in recent years, and the absence of comprehensive legislation on digital assets create uncertainty for both investors and businesses. Many crypto companies still face a dilemma: whether to invest long-term in India or seek other jurisdictions with clearer legal certainty. Consequently, even though India is more open to digital innovation compared to Indonesia, the business climate in the crypto sector remains vulnerable to regulatory fluctuations(Ozili, 2023).

A clear comparison shows that Indonesia and India are pursuing different strategies in responding to the development of cryptocurrencies and digital assets. Indonesia focuses on market control, placing crypto as a commodity supervised by Bappebti. This approach is relatively effective in maintaining stability and reducing the risk of wild speculation, but limits the adoption of blockchain innovation in the financial sector and digital business. In other words, Indonesian regulations emphasize risk prevention rather than opportunity development.

In contrast to Indonesia, India emphasizes fiscal integration and innovation. The imposition of taxes on digital assets and the development of the Digital Rupee CBDC indicate a more progressive policy direction. This step provides space for digital businesses to grow, while incorporating digital assets into the formal economic system. However, this progressiveness is still overshadowed by legal uncertainty due to regulatory changes that are often fluctuating and lack synchronization between monetary, fiscal, and market authorities. Both countries face the same challenge, namely regulatory synchronization. Crypto regulations not only involve monetary aspects, but also taxation, investor protection, financial stability, and business innovation. Without strong coordination between authorities, policies risk overlapping or even contradicting each other. Therefore, both Indonesia and India need to build an integrated legal framework that balances stability, legal certainty, and support for digital innovation.

Comparison and Direction of Regulatory Development in Indonesia and India

Indonesia and India share the same regulatory goals in addressing the development of cryptocurrencies and digital assets. The first goal is to maintain financial stability, as highly volatile digital assets have the potential to disrupt the effectiveness of monetary and fiscal policies if not controlled. The second goal is to protect consumers and investors, especially from the risk of losses due to excessive speculation, fraud, or weak transparency of crypto exchanges. This protection is important because the majority of crypto users in

both countries are retail investors who are vulnerable to market volatility and unhealthy business practices(Houben & Snyers, 2018).

The third objective is to monitor the potential risks of financial crime, especially money laundering, terrorist financing, and illegal cross-border transactions. The pseudonymous and difficult-to-trace nature of digital assets raises significant concerns for regulators. Therefore, both Indonesia and India strive to ensure that crypto regulations can serve as both a supervisory instrument and a deterrent against financial crimes(Chang, 2019). Both countries are showing a consistent policy direction in balancing innovation and risk mitigation. In the context of cryptocurrency and digital asset regulation, balancing innovation and risk mitigation means that governments must be able to create space for the development of new technologies such as blockchain, smart contracts, and CBDCs, without sacrificing financial stability and public safety. If regulations are too lax, the potential for innovation is indeed great, but the risks of financial crime, money laundering, and market volatility can threaten the economic system. Conversely, if regulations are too strict, the country could lose digital economic opportunities and fall behind in global competition(Sari Sukarno & Pujiyono, 2020). Therefore, the ideal strategy is to have adaptive regulations that are strict enough to prevent risks, but also flexible enough to encourage healthy and sustainable digital innovation growth.

Both countries, in addition to having the same regulatory goals regarding the development of cryptocurrencies and digital assets, Indonesia and India still have different regulations in responding to the phenomenon of cryptocurrencies and digital assets. In Indonesia, the regulatory focus is on stability by providing certainty in the classification of crypto as a commodity under the supervision of Bappebti. This policy has been relatively consistent from the beginning and affirms that crypto is not a legal means of payment. With this approach, Indonesia emphasizes clear legal certainty, so that the crypto market can be controlled within the scope of commodity trading without disrupting the sovereignty of the rupiah or the national monetary system(Alhakim & Tantimin, 2024).

In contrast to Indonesia, India is more experimental, combining fiscal and monetary policies. From a total ban by the RBI in 2018, to its cancellation by the Supreme Court in 2020, the imposition of taxes on digital assets in 2022, and the Digital Rupee CBDC trial, India demonstrates a dynamic policy direction. This approach provides opportunities for the development of broader digital financial innovation, but also creates legal uncertainty due to frequently changing policies (Ozili, 2023). Indonesia emphasizes certainty and stability, while India focuses more on exploration and the integration of crypto into the fiscal and monetary systems. Both have their advantages and disadvantages: Indonesia is safe but less innovative, while India is innovative but less legally consistent.

Looking at the regulatory dynamics in Indonesia and India, both need to move towards strengthening a more harmonious and comprehensive legal framework. First, there is an urgent need for regulatory harmonization within the country to avoid overlap between authorities, for example, between the central bank, fiscal institutions, and trade supervisory bodies. This harmonization is important so that businesses have consistent guidance while supporting the growth of the digital asset ecosystem (Astuti et al., 2022). Second, there needs to be increased investor protection, especially for retail investors who are still vulnerable to price volatility, fraud, and weak governance of crypto exchanges. Good regulation not only regulates macroeconomic aspects, but also guarantees fairness

and security for consumers at the micro level. Transparency, complaint mechanisms, and obligations to protect digital assets are important elements that must be strengthened(Hardana et al., 2025).

Third, the borderless nature of cryptocurrency makes international coordination a strategic necessity. Without cooperation between countries, domestic regulations are often ineffective in addressing global challenges such as money laundering, illegal transactions, or regulatory arbitrage. By joining international forums and building common standards, both Indonesia and India can be better prepared to manage risks while taking advantage of global digital economic opportunities(Ahuja et al., 2021). Therefore, the direction of regulatory development in the future must balance three main aspects: domestic stability, consumer protection, and global cooperation.

Overall, Indonesia and India are taking different paths in regulating cryptocurrencies and digital assets, but both have the same goals: maintaining financial stability, protecting consumers, and controlling the risk of financial crime. Indonesia is more consistent with a commodity approach for legal certainty, while India is more dynamic with fiscal and monetary experiments. Going forward, the direction of regulatory development needs to focus on policy harmonization, strengthening investor protection, and international coordination to be able to answer global challenges while promoting sustainable digital economic innovation.

4. Conclusion

This study shows that the regulation of cryptocurrencies and digital assets in Indonesia and India is developing through different paths, but starting from the same goals, namely maintaining financial stability, protecting consumers, and preventing potential financial crimes. Indonesia emphasizes legal certainty by classifying crypto as a commodity under Bappebti, so that regulations are more stable but limit the space for innovation in the monetary sector and digital business. In contrast, India is dynamic with fluctuating policies, ranging from a total ban to the imposition of taxes and the development of a Central Bank Digital Currency (CBDC), which opens up opportunities for innovation while creating legal uncertainty. This comparison reveals that each country has its strengths and weaknesses: Indonesia excels in classification consistency, but is weak in investor protection; India is progressive in fiscal and monetary integration, but vulnerable to policy volatility. Therefore, the direction of future regulatory development needs to focus on policy harmonization, strengthening investor protection, and international coordination to address the global nature of cryptocurrency. With these steps, both Indonesia and India can balance the interests between monetary stability, legal certainty, and the encouragement of digital innovation, so as to be able to utilize the potential of the digital economy while minimizing systemic risks in the era of financial globalization.

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