

## FUNDAMENTAL ECONOMIC RISK FACTORS IN INCREASING THE VALUE OF DIGITAL ASSET INVESTMENTS IN INDONESIA

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### Abstract

Already has a permit to be traded in exchange trading through the Indonesian Commodity Futures Trading Supervisory Agency (BAPEPTI). Digital crypto assets traded in Indonesia are quite a lot through the Indodax trading company. The purpose of this study is focused on formulating a risk management process in investing in digital cryptocurrency assets. In addition, the results of this study will produce policy recommendations known as LCTR or "Legal Cryptocurrency and Tax Revenue" which are expected to be considered by the government in formulating policies on digital crypto assets so that the interests of all parties can be accommodated in order to realize maximum state revenue from trading digital crypto asset commodities. This type of research is quantitative descriptive with a research population of 10 cryptocurrency coins with the largest market caps in Indonesia, namely Cryptocurrency Bitcoin (BTC), Ethereum (ETH), Ripple (XRP), Bitcoin Cash (BCH), Litecoin (LTC), Stellar, DASH, Dogecoin, Zcash, Monero in Indonesia. The type of data in this study is time series data taken from January 2017 to December 2020 by conducting a documentation study conducted on the publication of monthly cryptocurrency transaction reports, so that a target population of 480 (4 years x 12 months x 10 coins) monthly report data was obtained for the research sample. The data analysis method in this study uses multiple linear regression and data analysis using e-views statistical software version 10.

**Keywords:** Cryptocurrency Risk and Return, Triagle Policy

### INTRODUCTION

Investment is a direct or indirect investment, as well as short-term or long-term with the aim of obtaining expected profits or other forms of benefits from the results of the investment itself. From this investment there is a desired return. One of the most important parts of learning investment is how to measure risk and return. Expected Return is the return that investors expect to obtain in the future. In reality, almost all investments contain uncertainty or risk (Tandelilin 2010). Market capitalization, Cryptocurrency Bitcoin is the highest among other cryptocurrencies based on data on May 30, 2018, Bitcoin's market capitalization value reached US\$ 128.10 billion, second place followed by ethereum with a market capitalization of US\$ 58.57 billion. (RN Ilham et al. 2019).

This study will examine the issues that are being debated (Debatable) in the investment world, namely the characteristics of cryptocurrency sales market instruments in Indonesia have similarities with BEI sales market instruments in terms of return and risk. Return is measured by capital gain while risk is measured by capital loss or a decrease in the price of the investment instrument (RN Ilham, 2017). Cryptocurrency or crypto currency is increasingly known by many people in Indonesia. This can be seen from the representation of blockchain whose impact can be enjoyed directly by the community (consumers), and there are still many other potentials that can be explored, so that interest in cryptocurrency, generally as an investment instrument, has actually only increased sharply after the Bitcoin exchange rate experienced a fairly high spike.

Specifically, this study will conduct interviews with financial experts and leaders of the financial services industry with the aim of collecting input and suggestions from the draft policy recommendations that will be produced from the research process. Because the regulation of the Crypto digital asset market or better known as cryptocurrency in Indonesia is still very minimal,

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even so, cryptocurrency investment continues to increase. This is marked by the emergence of various exchanges or companies that act as intermediaries in buying and selling crypto assets. In early August 2019, Tokocrypto, a local exchange based in Jakarta, was officially launched. So it is necessary to conduct a study that can provide recommendations on cryptocurrency transaction policies that regulate the pattern of cryptocurrency digital asset trading in Indonesia.

The entire process carried out in this study will produce several instruments in the form of policy recommendations and investment strategy formulations as well as risk control models and are expected to be able to help investors in choosing investment strategies and decisions, especially digital crypto assets in Indonesia by considering risk factors. This is supported by the development of cryptocurrency trading exchange companies, many of which have conducted soft launches in May 2017 and sell two types of crypto, namely Bitcoin and Ethereum. The number of users of this exchange from May to now has been more than 10,000. Another exchange that has been operating since 2014, namely Indodax with the name Bitcoin Indonesia, has 1,337,839 users. Of course, this is a very interesting opportunity in the digital asset trading process for investors in Indonesia, so there needs to be a strategy in implementing risk management, especially in investing in digital cryptocurrency assets.

### LITERATURE REVIEW

#### Capital Asset Pricing Model (CAPM)

Asset pricing models are an important part of finance that is used to predict the relationship between expected return and risk of an asset. Asset pricing models continue to develop along with the many criticisms directed at the first asset pricing model, namely the Capital Asset Pricing Model (CAPM).

#### Risk Management

Risk management can be defined as a structured and systematic process in identifying, measuring, mapping, developing alternative risk handling, and monitoring and controlling the implementation of risk handling.

#### Economic Theory of Regulation

Banking regulations in Indonesia are generally implemented in Bank Indonesia regulations through its circulars which are always updated or changed according to the conditions and situations of national banking. According to (Siringoringo 2012)16] as the developer of the economic theory of regulation, regulation is an act of group pressure that produces laws and policies to support businesses and protect consumers, workers, and the environment.

### METHOD

The program implementation steps required to overcome the problem are as follows:

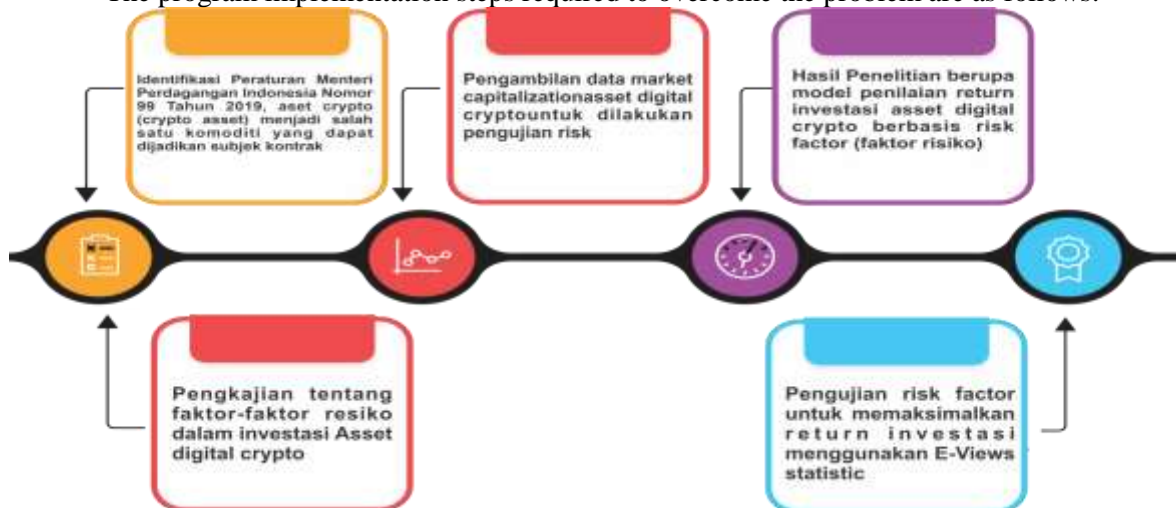


Figure 1 Research Stage Plan

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### **Population and Sample**

The population of this study is all Cryptocurrency digital assets traded on crypto trading exchanges in Indonesia. While the sample in this study is cryptocurrency that has the largest market capitalization value in Indonesia.

### **Data Types and Sources**

The type of data used in this study is secondary data obtained from monthly transaction reports of cryptocurrency digital assets in Indonesia.

## **RESULTS AND DISCUSSION**

### **How Are Fundamental Economic Risk Factors In Increasing The Value Of Digital Asset Investments In Indonesia**

In order to realize the objectives of this study in terms of maximizing the potential of Fundamental Economic Risk Factors in Increasing the Value of Digital Asset Investments in Indonesia in order to generate income for the country, the researcher conducted an interview in the financial services industry and capital markets in Indonesia in order to produce a formulation and recommendations in terms of Fundamental Economic Risks in Increasing the Value of Digital Asset Investments in Indonesia. To support the results of Novelty in this study which formulates the Fundamental Economic Risk Factors in Increasing the Value of Digital Asset Investment in Indonesia, the author tries to add the opinions of competent experts in the Capital Market and Financial Services Industry by conducting interviews. The informants to be interviewed are as follows:

1. Head of Bappebti Aceh
2. Head of the Indonesian Stock Exchange, Aceh Province
3. Head of the Financial Services Authority of Aceh Province
4. Head of Phintraco Securities Aceh Branch

The results of the interviews in this study produced several recommendations that could possibly be input for the government in reviewing the Fundamental Economic Risk Factors in Increasing the Value of Digital Asset Investments in Indonesia.



Figure 1 Interview with Bappebti representative

According to Bappebti Aceh Regarding Crypto Digital Asset Trading in Indonesia

The Commodity Futures Trading Supervisory Agency (Bappebti) of the Ministry of Trade said that crypto asset trading is one of the government's strategies to accelerate Indonesia's digital economy. Head of the Bappebti Development and Development Bureau, Tirta Karma Senjaya said that the government is proactively creating policies that support the growth of the crypto

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ecosystem. Including regulations that facilitate innovation to increase public awareness of the investment potential in crypto assets. Indonesia has great potential in the digital asset ecosystem. "Crypto asset trading can be one of the government's strategies to accelerate, create, and encourage efforts to develop Indonesia's digital economy," said Bappebti Aceh.

Based on Bappebti 2023 data, there were 18.51 million crypto asset investors in Indonesia, an increase of 9.8 percent since the beginning of the year. Crypto asset transactions reached IDR 149.25 trillion. Despite a decrease in transactions from IDR 306.4 trillion in 2022 (yoy), this industry still shows strong economic potential. This extraordinary performance in 2023 is supported by various positive developments in the crypto world. Among them are optimism towards Bitcoin spot ETFs and anticipation of Bitcoin halving.



Figure 2 Interview with Representative of the Indonesian Stock Exchange

How does the presence of cryptocurrency have advantages and disadvantages?

The development and advancement of technology has given birth to various innovations, especially in the financial sector. One form of financial innovation that has emerged is the presence of cryptocurrency. Although as a means of payment, cryptocurrency still sparks pros and cons because of its high risk and high volatility, in fact, not a few investors dare to make crypto an investment.

One of the advantages of cryptocurrency is fast transfer with huge investment profits. The speed and price of cryptocurrency are also very promising. For example, Ethereum investment in December 2019 at a price of US\$ 129, the price then soared to US\$ 4,600 in November 2021. Investors can gain multiple profits.

Rizvi and Ali (2022) also found that Indonesian investors entered and invested in cryptocurrency to reduce the risk of the equity sector during the pandemic. However, cryptocurrency is also not without its drawbacks. The drawbacks of cryptocurrency are very high price fluctuations and are often used as a medium for money laundering and terrorism financing. In addition, cryptocurrency is generally not guaranteed by certain tangible assets.

From an Islamic perspective, common cryptocurrencies such as Bitcoin are considered to contain elements of gambling (maysir) and uncertainty (gharar). Although it provides benefits, cryptocurrency investment is like a double-edged sword. The investment can provide high profits, but in an instant it can also cause losses.

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Figure 3 Interview with Phintraco Securities representative

How are crypto transactions currently developing?

"Looking at current developments, crypto transactions have great tax potential in Indonesia. Therefore, strengthening the regulatory framework in terms of digital asset taxation is very important in order to create legal certainty for tax authorities and taxpayers. Said the government needs to classify and analyze various digital asset transaction schemes that may result in tax burdens. However, cryptocurrency is not a legal and official currency because it does not have the authority to issue and regulate, manage circulation and distribution, maintain its exchange rate and all of these functions are carried out by a computing system so that its accountability is still in doubt."

According to the Representative of the Financial Services Authority of Aceh Province

What types of taxes apply to cryptocurrency transactions?

"According to him, the basis for determining the type of tax owed, the tax subject, and the taxpayer. Then, it is also necessary to determine when the tax is owed, the calculation method, the amount of the rate, and the reporting administration system. In addition, the authorities also need to further examine whether the profit from cryptocurrency transactions is included in the definition of additional income as stipulated in Article 4 No. 7/1983 stdtd of the Law on Harmonization of Tax Regulations (UU PPh), or not. He also hopes that the tax policies made can still pay attention to aspects of simplicity and convenience. According to him, the process of deductions by third parties can be considered so that it can provide convenience for digital asset owners. The presence of digital assets, such as crypto, entering Indonesia is actually a positive signal for the creation of new sources of income. However, the right policy is needed so that tax potential can be pursued without disrupting the digital asset business climate."

How is cryptocurrency income taxed and what are the rates?

"The imposition of tax on cryptocurrency assets is a new breakthrough from the Directorate General of Taxes considering the large number of transactions that occur in the crypto market. Regarding the tax rate imposed, namely 1% VAT from the VAT rate multiplied by the value of the crypto asset transaction if it is done on a platform registered with Bappebti, while if the transaction is outside of that, it is charged 2% multiplied by the transaction value. For the Final Income Tax, it is charged 0.1% of the value of the crypto asset transaction through the marketplace registered with Bappebti, 0.2% for those that are not registered".

The regulation of bitcoin and other crypto assets in Indonesia has undergone many changes that have resulted in developments in the current global era. The initial regulation was of course the Bank of Indonesia making a notification as an institution that has a role in financial regulation in Indonesia. Bank Indonesia held a press conference in 2014 which firmly stated that virtual currencies including bitcoin are not legal tender in Indonesia. However, Bank Indonesia has emphasized that bitcoin or other cryptos are not legal tender. In 2018, the Ministry of Trade of the Republic of Indonesia issued a regulation concerning the General Policy for the Implementation of

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Crypto Asset Futures Trading. This regulation is a form of new steps for cryptocurrency provisions in Indonesia. After Bank Indonesia banned it as a means of payment in Indonesia, through the Regulation of the Minister of Trade, bitcoin and other cryptocurrencies were identified as crypto assets. With the shift in regulations regarding cryptocurrency, there are two provisions. On the one hand, Bank Indonesia defines that digital money is prohibited as a means of payment transactions in Indonesia, while on the other hand, the Ministry of Trade defines digital assets as assets traded as commodities. Of the three regulations above, namely the Currency Law, the Ministry of Trade Regulation and the BAPPEBTI regulation regulate the provisions regarding bitcoin or crypto assets in Indonesia. So that through these three laws and regulations, it provides information that bitcoin or crypto assets are recognized as a Commodity that can be traded in Indonesia.

### Hypothesis Testing

Table 1  
F Test and T Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
X1	-3.763608	0.697173	-5.398381	0.0000
X2	-0.128047	0.120038	-1.066726	0.2872
X3	-0.000306	8.40E-05	-3.641669	0.0003
X4	-0.008310	0.004501	-1.846218	0.0662
X5	-0.008040	0.003530	-2.277641	0.0237
X6	1.86E-06	1.29E-06	1.437688	0.1519
Z_X1	0.841937	0.277804	3.030683	0.0027
Z_X2	0.169484	0.186994	0.906363	0.3657
Z_X3	0.000213	0.000130	1.641204	0.1021
Z_X4	0.006795	0.007631	0.890385	0.3742
Z_X5	-0.007423	0.011893	-0.624161	0.5331
Z_X6	-3.97E-06	2.32E-06	-1.710158	0.0886
C	3.694364	1.192147	3.098917	0.0022

Effects Specification		SD	Rho
Random cross-section		0.000000	0.0000
Idiosyncratic random		0.453008	1.0000

Weighted Statistics			
R-squared	0.561607	Mean dependent variable	0.142107
Adjusted R-squared	0.538432	SD dependent var	0.697110
SE of regression	0.473608	Sum squared residual	50.91720
F-statistic	24.23335	Durbin-Watson stat	1.787175
Prob(F-statistic)	0.000000		

Unweighted Statistics			
R-squared	0.561607	Mean dependent variable	0.142107

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Sum squared residual	50.91720	Durbin-Watson stat	1.787175
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Source: processed data 2024

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### F Test

In this study, the number of observations (n) is known to be 140 and the number of parameters (k) is 13, so that  $df1 = k-1 = 13-1 = 12$  is obtained;  $df2 = nk = 140-13 =$ , then at  $\alpha = 0.05$   $F_{table} = 1.795$  is obtained. Based on Table 5.2, the Sig value is  $0.00000 < 0.05$ . So it can be concluded simultaneously that Beta Cryptocurrency (X1), Inflation Rate (X2), Exchange Rate (X3), World Oil Price (X4), Coal Price (X5), World Gold Price (X6), interaction of Beta Cryptocurrency (X1) with Velocity of Cryptocurrency (Z), Inflation Rate (X2) with Velocity of Cryptocurrency (Z), Exchange Rate (X3) with Velocity of Cryptocurrency (Z), World Oil Price (X4) with Velocity of Cryptocurrency (Z), Coal Price (X5) with Velocity of Cryptocurrency (Z), and World Gold Price (X6) with Velocity of Cryptocurrency (Z) have a significant effect on Cryptocurrency Return.

### t-test

In accordance with (n) = 240, the number of parameters (k) = 13,  $df = (nk) = 140-13 = 127$  then at the error level  $\alpha = 0.05$ , the t table is obtained = 1.970. Based on Table 5.2 it can be explained that:

- It is known that the Beta Cryptocurrency coefficient value against the Return of cryptocurrency is negative, which is -3.763 and the p-value is  $0.000 < 0.05$ , then Beta Cryptocurrency has a negative and significant effect on the Return of cryptocurrency, meaning that every increase in Beta cryptocurrency by 1 rupiah will significantly reduce the Return of cryptocurrency by 3.76 percent, and vice versa. Based on Table 5.8, it can be explained that:
- It is known that the coefficient value of the Inflation Rate on the Return of cryptocurrency is negative, namely -0.128 and the p-value is  $0.287 > 0.05$ , so the Inflation Rate has a negative and insignificant effect on the Return of cryptocurrency, meaning that every 0.01 percent increase in the Inflation Rate will reduce the Return of cryptocurrency by 0.12 percent, and vice versa.
- It is known that the coefficient value of the currency exchange rate against the cryptocurrency return is negative, namely -0.0003 and the p-value is  $0.0003 < 0.05$ , so the currency exchange rate has a negative and significant effect on the cryptocurrency return, meaning that every 1 rupiah increase in the currency exchange rate will significantly reduce the cryptocurrency return by 0.0003 percent, and vice versa.
- It is known that the coefficient value of world oil prices on cryptocurrency returns is negative, namely -0.008 and the p-value is  $0.066 > 0.05$ , so world oil prices have a negative and significant effect on alpha 10 percent on cryptocurrency returns, meaning that every increase in world oil prices of 1 US dollar will significantly reduce cryptocurrency returns by 0.008 percent, and vice versa.
- It is known that the coefficient value of the reference coal price on cryptocurrency returns is negative, namely -0.008 and the p-value is  $0.023 < 0.05$ , so the reference coal price has a negative and significant effect on cryptocurrency returns, meaning that every 1 US dollar increase in the reference coal price will significantly reduce cryptocurrency returns by 0.008 percent, and vice versa.
- It is known that the coefficient value of the world gold price on cryptocurrency returns is positive, namely 1.86 and the p-value is  $0.077 > 0.05$ , so the world gold price has a positive and significant effect on alpha 10 percent on cryptocurrency returns, meaning that every increase in the world gold price of 1 US dollar will increase the cryptocurrency return by 1.86 percent significantly, and vice versa.

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### **Moderation Effect Test**

- a. It is known that the MRA coefficient value of the interaction of velocity of cryptocurrency\_beta cryptocurrency on cryptocurrency returns is positive, namely 0.841 with a T count of  $3.030 > 1.970$  and a p-value of  $0.002 < 0.05$ . This shows that the velocity of cryptocurrency variable is not a moderator variable that affects the relationship between cryptocurrency beta and cryptocurrency returns.
- b. It is known that the MRA coefficient value of the interaction of velocity of cryptocurrency\_inflation rate on cryptocurrency returns is positive, namely 0.169 with a T count of  $0.906 < 1.970$  and a p-value of  $0.365 > 0.05$ , this shows that the velocity of cryptocurrency variable is not a moderator variable or cannot moderate the relationship between the inflation rate and cryptocurrency returns.
- c. It is known that the MRA coefficient value of the interaction of velocity of cryptocurrency\_currency exchange rate on cryptocurrency returns is positive, namely 0.0002 with a T count of  $1.641 < 1.970$  and a p-value of  $0.102 > 0.05$ . This shows that the velocity of cryptocurrency variable is not a moderator variable or cannot moderate the relationship between currency exchange rates and cryptocurrency returns.
- d. It is known that the MRA coefficient value of the interaction of velocity of cryptocurrency\_world oil prices on cryptocurrency returns is positive, namely 0.006 with a T count of  $0.890 < 1.970$  and a p-value of  $0.374 > 0.05$ . This shows that the velocity of cryptocurrency variable is not a moderator variable or cannot moderate the relationship between world oil prices and cryptocurrency returns.
- e. It is known that the MRA coefficient value of the interaction of velocity of cryptocurrency\_reference coal price on cryptocurrency returns is negative, namely -0.007 with a T count of  $-0.624 > -1.970$  and a p-value of  $0.533 > 0.05$ . This indicates that the velocity of cryptocurrency variable is not a moderator variable or cannot moderate the relationship between the reference coal price and cryptocurrency returns.
- f. It is known that the MRA coefficient value of the interaction of velocity of cryptocurrency\_world gold price on cryptocurrency returns is negative, namely -3.97 with a T count of  $-1.710 > -1.970$  and a p-value of  $0.08 > 0.05$  but significant at alpha 10 percent. This shows that the velocity of cryptocurrency variable is a moderator variable that moderates the relationship between world gold prices and cryptocurrency returns. This means that the higher the level of velocity of cryptocurrency will strengthen the negative influence of the decline in cryptocurrency returns due to the increase in world gold prices.

### **CONCLUSION**

Cryptocurrency is one of the investment commodities that can generate returns and already has a permit to be traded in exchange trading through the Indonesian Commodity Futures Trading Supervisory Agency (BAPEPTI). Digital crypto assets traded in Indonesia are quite a lot through the Indodax trading company. The purpose of this study is focused on formulating a risk management process in investing in digital cryptocurrency assets. In addition, the results of this study will produce policy recommendations known as LCTR or "Legal Cryptocurrency and Tax Revenue" which are expected to be considered by the government in formulating policies on digital crypto assets so that the interests of all parties can be accommodated in order to realize maximum state revenue from trading in digital crypto asset commodities.

Based on the results of the data analysis that has been carried out, several conclusions can be drawn from this study, namely as follows:

1. The results of the data analysis show that there is a negative and significant influence of the Beta Cryptocurrency variable on the Return Cryptocurrency. This means that if Beta Cryptocurrency increases, then the Return Cryptocurrency will decrease.
2. The results of the data analysis show that there is a negative but insignificant influence of the Inflation Rate variable on Cryptocurrency Returns. This means that if the Inflation Rate increases, the Cryptocurrency Return will decrease slightly.



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3. The results of the data analysis show that there is a negative and significant influence of the Currency Exchange Rate variable on Cryptocurrency Returns. This means that if the Currency Exchange Rate increases, the Cryptocurrency Return will decrease.
4. The results of the data analysis show that there is a negative and significant influence of the World Oil Price variable on Cryptocurrency Returns. This means that if the World Oil Price increases, the Cryptocurrency Return will decrease.
5. The results of the data analysis show that there is a negative and significant influence of the Coal Price variable on Cryptocurrency Returns. This means that if the Coal Price increases, the Cryptocurrency Return will decrease.
6. The results of the data analysis show that there is a positive and significant influence of the World Gold Price variable on Cryptocurrency Returns. This means that if the World Gold Price increases, the Cryptocurrency Return will increase significantly. The world gold price does have an influence on stock market investment when trading is sluggish.
7. The results of the multiple regression analysis of the MRA model show that the interaction of beta cryptocurrency with the velocity of cryptocurrency does not have a significant effect on the Return of Cryptocurrency. This means that if the interaction of beta cryptocurrency with the velocity of cryptocurrency increases, the Return of Cryptocurrency will remain or be constant. It was revealed that the Velocity of cryptocurrency does not affect the relationship between beta cryptocurrency and the return of digital asset investment so that the higher the rate of turnover of digital crypto asset transfers will not necessarily reduce the return.
8. The results of the multiple regression analysis of the MRA model show that the interaction of the inflation rate with the velocity of cryptocurrency does not have a significant effect on the Return of Cryptocurrency. This means that if the interaction of the inflation rate with the velocity of cryptocurrency increases, the Return of Cryptocurrency will remain or be constant. It is revealed that the velocity of cryptocurrency does not affect the relationship between inflation and cryptocurrency investment returns, meaning that the faster the rate of turnover and transfer of digital crypto assets will not affect investment returns and in the end the inflation rate will still hamper the rate of economic growth.
9. The results of the multiple regression analysis of the MRA model show that the interaction of the exchange rate with the velocity of cryptocurrency does not have a significant effect on the Return of Cryptocurrency. This means that if the interaction of the exchange rate with the velocity of cryptocurrency increases, the Return of Cryptocurrency will remain or be constant. It was revealed that the velocity of cryptocurrency did not significantly affect the relationship between the exchange rate and the return of cryptocurrency, this happened because considering the determination of the rupiah exchange rate which adopts a free floating system is greatly influenced by the global economy and the size of Indonesia's balance of payments whether it is a surplus or deficit, so that even though the rate of turnover and transfer of digital crypto assets is getting faster, it is not immediately able to increase investment in the digital crypto asset market.
10. The results of the multiple regression analysis of the MRA model show that the interaction of world oil prices with the velocity of cryptocurrency does not have a significant effect on Cryptocurrency Returns. This means that if the interaction of world oil prices with the velocity of cryptocurrency increases, then the Cryptocurrency Return will remain or be constant. It was revealed that the velocity of cryptocurrency does not affect the relationship between world oil prices and cryptocurrency market investment returns, this happens because automatically when world oil prices increase, it will provide positive sentiment towards the flow of capital entering the money market and capital market as well as the crypto digital asset market so that the price of digital asset commodities will continue to increase.
11. The results of the multiple regression analysis of the MRA model show that the interaction of coal prices with the velocity of cryptocurrency has an insignificant effect on Cryptocurrency Returns. This means that if the interaction of coal prices with the velocity

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of cryptocurrency increases slightly, then the Cryptocurrency Return will remain or be constant. It was revealed that the velocity of cryptocurrency does not affect the relationship between coal prices and cryptocurrency market investment returns, this happens because when coal prices increase, it will provide a contiguous effect or an affected impact that will produce positive sentiment towards capital flows entering the money market and capital market as well as the crypto digital asset market so that the price of digital asset commodities will continue to increase.

12. The results of the multiple regression analysis of the MRA model show that the interaction of gold prices with the velocity of cryptocurrency has a significant negative effect on Cryptocurrency Returns. This means that if the interaction of gold prices with the velocity of cryptocurrency increases, then the Cryptocurrency Return will decrease drastically and significantly. It was revealed that the velocity of cryptocurrency weakens the relationship between the influence of gold prices on cryptocurrency market investment returns, this happens because when the price of gold increases it will provide positive sentiment towards the flow of capital entering the money market and capital market but this does not happen in the crypto digital asset market so that the price of digital asset commodities will decrease because gold has a different market segmentation than other assets because gold tends to be more in demand and is a zero risk investment instrument or has almost no risk.

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