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THE ROLE OF FINANCIAL SERVICES AUTHORITIES IN PROTECTING CRYPTO ASSET INVESTORS IN INDONESIA: BETWEEN REGULATION AND SUPERVISION

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Abstrack: *The development of crypto assets in Indonesia shows rapid growth with the number of investors reaching tens of millions of people and transaction value of hundreds of trillions of rupiah every year. This phenomenon brings great potential for the digital economy as well as high risks for investors due to price volatility, weak legal protection, and rampant fraud and hacking practices. With the passage of Law Number 4 of 2023 concerning the Development and Strengthening of the Financial Sector (P2SK Law), the authority to supervise crypto assets was transferred from Bappebti to the Financial Services Authority (OJK). This study aims to analyze the role of the OJK in providing legal protection for crypto asset investors through regulatory and supervisory approaches. The research method used is normative legal research by examining laws and regulations, academic literature, and related OJK policies. The results of the study show that this transfer of authority is a strategic step in strengthening the governance of crypto assets, but still faces challenges in the form of legal vacancies, overlapping authority between institutions, and limited technical capacity to supervise the decentralized nature of crypto assets. The OJK is required to accelerate the preparation of technical regulations, strengthen coordination with related institutions, develop blockchain analytics-based supervision technology, and improve people's digital financial literacy. In conclusion, the effectiveness of the OJK's role in protecting crypto asset investors is highly dependent on the institution's ability to adapt to digital innovation and build a responsive, collaborative, and evidence-based regulatory system.*

Keywords: Financial Services Authority, Crypto Assets, Investor Protection, P2SK Law, Digital Financial Supervision

1. Introduction

In today's digital era, all community activities are inseparable from the use of technology. Almost all sectors have taken advantage of technological developments to innovate, including the financial sector. Innovations present in the financial sector are

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Financial Technology (FinTech).¹ The development of crypto assets globally has shown a very rapid increase in the past decade. Since its appearance Bitcoin In 2009, the world has witnessed a tremendous surge both in terms of the number of digital assets in circulation and the volume of transactions on various international crypto exchanges. Technology Blockchain As the main foundation, the crypto asset system offers transparency, efficiency, and decentralization that traditional financial systems do not have. This condition attracts the interest of investors from various circles, ranging from individuals to large financial institutions. Based on data CoinMarketCap and Statista, the market capitalization value of global crypto assets had penetrated more than US\$ 2 trillion In 2024, it reflects the high public interest and trust in this digital financial instrument.²

The development of digital technology has fundamentally changed the global financial system, including in Indonesia. One of the most prominent innovations is the emergence of crypto assets (Cryptocurrency) as an alternative investment instrument outside the conventional financial system. Crypto assets such as Bitcoin, Ethereum, and various other digital tokens are now not only seen as a tool for speculation, but also as digital assets with great economic potential. This phenomenon marks a new chapter in the financial services sector that is increasingly complex, dynamic, and demands adequate regulatory adaptation.

Behind this rapid growth, crypto assets also carry significant risks. Extreme price fluctuations, weak consumer protections, and numerous cases of fraud and hacking of crypto exchanges are a real threat to investors around the world. The anonymous and cross-border

¹ Handoko, Rifky Mustaqim, Budi Aulyansyah Ahmad Trisna, Ryan Delon Pratama, and Jadianan Parhusip. 2024. "Implementation of Blockchain for Digital Payment System Security and Financial Transaction Optimization (Case Study of Fintech Industry in Indonesia)." *Engineering: Journal of Engineering and Informatics* 4 (2): 64–74.

² Abdurohim, Abdurohim, and Mohamad Irfan. 2024. "Cryptocurrencies and Financial System Stability: A Literature Review of Regulatory Impacts, Opportunities, and Challenges." *Portfolio: Journal of Economics, Business, Management, and Accounting* 21 (2): 64–94.

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nature of crypto assets makes transactions difficult to supervise by conventional financial authorities. As a result, many investors have suffered huge losses due to Scam Project, market manipulation (pump and dump), as well as the failure of the trading platform. In response to this, a number of countries have begun to strengthen regulations and supervision of crypto assets.

In Indonesia, the growth of crypto assets has also increased very rapidly. Based on data Commodity Futures Trading Supervisory Agency (Bappebti), By 2025, the number of crypto asset investors has reached Over tens of millions of people with the total transaction value reaching hundreds of trillions of rupiah per year. Crypto assets are now seen as an attractive alternative investment instrument, especially for The Younger Generation which is more open to technological innovation and digital economy opportunities.³

The transaction value of crypto assets also increased with fluctuations reaching Rp. 556.53 trillion in 2024 and Rp. 276.45 trillion until July 2025. This condition shows the high public interest in digital assets, but at the same time poses potential risks that are not small, such as extreme price fluctuations, investment fraud, and the potential for personal data leakage.

This rapid growth poses various legal and institutional challenges, especially in terms of regulating and supervising the crypto asset market. Prior to the enactment of Law Number 4 of 2023 concerning the Development and Strengthening of the Financial Sector (P2SK Law), crypto assets were categorized as commodities under the supervision of Bappebti. With the issuance of the P2SK Law, this authority was transferred to the Financial Services Authority (OJK), which has broader responsibilities in regulating and supervising the

³ Hartono, Sony, and Riani Budiarsih. 2022. "The potential for the successful implementation of income tax on crypto asset transactions in Indonesia." *Journal of State Tax and Finance (PKN)* 4 (1): 132–46.

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financial sector, including digital finance. This transfer of authority is an important moment in an effort to strengthen legal protection for investors and create a safer and more transparent digital asset ecosystem.

The transition still leaves various regulatory and supervisory problems. The overlap of authority between supervisory agencies such as Bappebti, OJK, Bank Indonesia, and PPATK often creates ambiguity in policy implementation. The decentralized and anonymous nature of crypto assets makes traditional surveillance less effective. Until now, derivative regulations and technical guidelines that specifically regulate the governance of crypto assets under the OJK have not been fully formed, causing legal uncertainty for industry players and investors. The low level of digital financial literacy among the public also increases the risk of loss, as many investors are attracted by the promise of big profits without understanding the potential dangers that come with it. This condition shows the need for a more comprehensive and integrated legal supervision and protection system.

As the institution that now holds the main control, Financial Services Authority (OJK) has a strategic role in realizing crypto asset governance with integrity.⁴ Based on the mandate given by the P2SK Law, the OJK is responsible for drafting technical policies and regulations related to digital assets, supervising crypto asset trading operators, and ensuring investor protection through the application of transparency principles and effective complaint mechanisms. OJK is also expected to strengthen coordination with other institutions such as Bank Indonesia, Bappebti, and PPATK in order to build a synergistic and adaptive supervision system for technological developments Blockchain.⁵ The challenges

⁴ Peryanto, Jerry, Diana Ria W. Napitupulu, and Paltiada Saragi. 2025. "Legal Protection for Cryptocurrency Users According to Law No. 4 of 2023 on P2SK." *Collaborative Journal of Science* 8 (5): 2432–46

⁵ Balqis, Kinanti, and Putu Devi Yustisia Utami. 2024. "IMPLICATIONS OF THE PASSAGE OF LAW NO. 4 OF 2023 ON THE REGULATION AND SUPERVISION OF CRYPTO ASSETS BY THE FINANCIAL SERVICES AUTHORITY." *Journal of Academic Media (JMA)* 2 (10). <https://jurnal.mediaakademik.com/index.php/jma/article/view/821>.

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faced are not light. OJK needs to prepare flexible and innovative regulations, increase institutional capacity and human resources, and expand public literacy regarding crypto investment risks and opportunities. Based on this description, this research is important to examine the role of the Financial Services Authority in providing legal protection to crypto asset investors in Indonesia

2. Research Methods

This research uses a normative legal research method (*library research*), which is a type of research obtained from literature studies by analyzing a legal problem through legislation, literature, and other reference materials related to the Role of Financial Services Authorities in the Protection of Crypto Asset Investors in Indonesia.

3. Analysis and Discussion

3.1 The Dynamics of Crypto Asset Regulation After the P2SK Law Between Transformation and Legal Vacuum

The transfer of authority to supervise crypto assets from the Commodity Futures Trading Supervisory Agency (BAPPEBTI) to the Financial Services Authority (OJK) based on Law Number 4 of 2023 concerning the Development and Strengthening of the Financial Sector (P2SK Law) is a transformative step in responding to the complexity of the digital asset market.⁶ This change in regulatory paradigm represents a significant evolution from a commodity approach to a financial services approach, which is in line with the evolving characteristics of crypto assets as modern investment instruments. However, this regulatory transition actually raises multidimensional legal problems that have the potential to hinder the effectiveness of supervision and investor protection.

⁶ Balqis, Kinanti, and Putu Devi Yustisia Utami. 2024. "IMPLICATIONS OF THE PASSAGE OF LAW NO. 4 OF 2023 ON THE REGULATION AND SUPERVISION OF CRYPTO ASSETS BY THE FINANCIAL SERVICES AUTHORITY." *Journal of Academic Media (JMA)* 2 (10). <https://jurnal.mediaakademik.com/index.php/jma/article/view/821>.

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Conceptually, the transfer of authority to the OJK is motivated by strategic considerations that the OJK has more established capabilities and infrastructure in regulating and supervising complex financial services products. The OJK is seen as having experience in implementing strict consumer protection principles, which is an urgent need in the notoriously volatile crypto asset market. However, in its implementation, the OJK has not yet fully issued operational technical regulations that specifically regulate governance, licensing, security standards, and crypto asset investor protection mechanisms. This legal vacuum create⁷s significant legal *uncertainty*, both for business actors (*crypto exchanges*) and investors.

From an industry perspective, the gap in derivative regulations creates ambiguity in the implementation of *compliance standards*. Business actors are faced with unclear situations regarding licensing requirements, trade implementation provisions, and operational standards that must be met under the OJK regime. This has the potential to create a distortion of competition and hinder long-term investment in the development of domestic crypto asset market infrastructure. Meanwhile, from an investor's perspective, the absence of a comprehensive legal umbrella increases vulnerability to exploitative practices and complicates legal protection efforts in the event of disputes or losses.

Furthermore, a prolonged transition period without clarity on the final regulatory framework has the potential to trigger regulatory arbitrage, where business actors may take advantage of legal loopholes to avoid strict oversight. This phenomenon can result in the shift of trading activities to less regulated platforms or even to the black market (*over the counter*), which in turn increases the risk for investors and the stability of the financial system.

⁷ Peryanto, Jerry, Diana Ria W. Napitupulu, and Paltiada Saragi. 2025. "Legal Protection for Cryptocurrency Users According to Law No. 4 of 2023 on P2SK." *Collaborative Journal of Science* 8 (5): 2432–46.

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Therefore, the acceleration of the preparation of technical regulations is a legal imperative that cannot be postponed. The OJK needs to immediately issue regulations that comprehensively regulate crucial aspects such as: (1) licensing and compliance requirements for crypto asset trading operators; (2) corporate governance and risk management standards; (3) a secure digital asset storage mechanism (*custody*); (4) provisions on information transparency and data protection; and (5) effective dispute resolution procedures. Without this regulatory clarity, the goal of the P2SK Law to create a safe, transparent, and trusted digital asset ecosystem will be difficult to achieve.

3.2 Challenges of Supervision of the Decentralized Character of Crypto Assets Digital Disruption against Conventional Regulatory Models

Although the P2SK Law expressly designates the Financial Services Authority (OJK) as the main regulator for crypto assets, the implementation of supervision in the field still faces complex challenges in the form of potential overlapping authority and policy fragmentation among various state institutions (Balqis and Utami, 2024). This phenomenon is not just an administrative issue, but reflects the multidimensional character of the crypto asset itself which touches on aspects of commodities, financial services, payment systems, and the security of financial transactions. In this context, the OJK cannot work in isolation, but must establish an effective collaboration framework with at least three core institutions: Bank Indonesia (BI), the Commodity Futures Trading Supervisory Agency (Bappebti), and the Financial Transaction Reporting and Analysis Center (PPATK).

Coordination with Bank Indonesia is crucial given BI's position as a monetary authority and the manager of the national payment system. Although Indonesia has not officially recognized crypto assets as legal tender, the potential use of crypto assets in cross-border transactions and the possibility of the development of stablecoins pegged to the Rupiah currency can have a direct impact on monetary stability and the effectiveness of monetary policy.⁸ Therefore, policy

⁸ Kinanti, Putri, Rival Mahesa, Fathan Hariz, Prastiti Suryaning Ramadhani, Yasmin Sobikhoh Nawaidah, and Diani Sadia Wati. 2024. "Crossing the Digital Age By Analyzing Cryptocurrency and Blockchain Law in Modern Jurisprudence." *Innovative: Journal Of Social Science Research* 4 (1): 920–32.

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synchronization between the OJK and BI is needed to ensure that the development of crypto assets does not disrupt the stability of the national payment system and is not used as a tool to circumvent foreign exchange controls.

Meanwhile, coordination with Bappebti during the transition period requires a systematic and structured approach. Bappebti has technical experience and in-depth knowledge of commodity futures trading and the supervision infrastructure that has been built so far. An effective handover process must include not only the transfer of data and regulatory documents, but also knowledge *transfer* regarding the technical characteristics of crypto asset trading, risk profiles, and ongoing supervisory practices. Without a good coordination mechanism, there is a risk of disruption of the chain of supervision that can actually be used by market participants to carry out activities that are not in accordance with regulations.

Collaboration with PPATK has a different level of urgency, especially in order to prevent and detect potential money laundering and terrorism financing through crypto assets. The pseudonymous and cross-jurisdictional nature of crypto asset transactions makes it a vulnerable medium for such illegal activities.⁹ OJK needs to work with PPATK in developing an adaptive reporting system, where crypto asset trading operators are required to report suspicious transactions in accordance with established standards. The integration of information technology systems between the OJK and PPATK will facilitate the process of analysis and investigation of transaction patterns that have the potential to violate the law.

To overcome this coordination complexity, the establishment of a permanent coordination forum that is cross-agency is a must. The forum must not only have the authority to formulate strategic policies, but also be equipped with operational mechanisms that allow for real-time sharing of data and information, as well as the taking of integrated and rapid surveillance measures. The *joint task force* or *regulatory coordination committee* model involving representatives from OJK, BI, Bappebti, and PPATK can be an institutional solution to overcome

⁹ Abdurohim, Abdurohim, and Mohamad Irfan. 2024. "Cryptocurrencies and Financial System Stability: A Literature Review of Regulatory Impacts, Opportunities, and Challenges." *Portfolio: Journal of Economics, Business, Management, and Accounting* 21 (2): 64–94.

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the problem of overlapping authority and prevent legal loopholes (*regulatory arbitrage*). Only through this institutionalized collaborative approach can the supervision of crypto assets in Indonesia be truly effective and comprehensive, so that it is able to protect investors while maintaining the stability of the national financial system.

3.3 The Complexity of Institutional Coordination in Integrated Supervision: Building Multi-Agency Synergy in the Midst of Regulatory Dynamics

Although the P2SK Law expressly designates the Financial Services Authority (OJK) as the main regulator for crypto assets, the implementation of supervision in the field still faces complex challenges in the form of potential overlapping authority and policy fragmentation among various state institutions.¹⁰ This phenomenon is not just an administrative issue, but reflects the multidimensional character of the crypto asset itself which touches on aspects of commodities, financial services, payment systems, and the security of financial transactions. In this context, the OJK cannot work in isolation, but must establish an effective collaboration framework with at least three core institutions: Bank Indonesia (BI), the Commodity Futures Trading Supervisory Agency (Bappebti), and the Financial Transaction Reporting and Analysis Center (PPATK).

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¹⁰ Afrizal, Marliyah. 2021. "An Analysis of Cryptocurrencies (Currency, Law, Economics and Sharia Perspectives)." *Journal of Management and Business Economics* 15 (1): 45-62.

¹¹ Commodity Futures Trading Supervisory Agency. 2024. *Indonesian Crypto Asset Trade Statistics 2024*. Jakarta: Bappebti.

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ensure that the development of crypto assets does not disrupt the stability of the national payment system and is not used as a tool to circumvent foreign exchange controls.

Meanwhile, coordination with Bappebti during the transition period requires a systematic and structured approach. Bappebti has technical experience and in-depth knowledge of commodity futures trading and the supervision infrastructure that has been built so far. An effective handover process must include not only the transfer of data and regulatory documents, but also knowledge *transfer* regarding the technical characteristics of crypto asset trading, risk profiles, and ongoing supervisory practices. Without a good coordination mechanism, there is a risk of disruption of the chain of supervision that can actually be used by market participants to carry out activities that are not in accordance with regulations.

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¹² Baiquni, M. I., & Adiyatma, S. E. 2023. "The Existence of Cryptocurrency in the Establishment of Central Bank Digital Currency in Indonesia: Ius Constituendum Perspective." *Media Iuris*, 6(3), 345-362

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and rapid surveillance measures. The *joint task force* or *regulatory coordination committee* model involving representatives from OJK, BI, Bappebti, and PPATK can be an institutional solution to overcome the problem of overlapping authority and prevent legal loopholes (*regulatory arbitrage*). Only through this institutionalized collaborative approach can the supervision of crypto assets in Indonesia be truly effective and comprehensive, so that it is able to protect investors while maintaining the stability of the national financial system.

3.4 Regulatory Sandbox as an Innovative Instrument for Investor Protection to Build Adaptive and Evidence-Based Regulations

In response to the dynamics of the rapidly developing crypto asset market, OJK has taken a progressive step by launching a *regulatory sandbox* based on the Financial Services Authority Regulation (POJK) Number 3 of 2024 concerning the Implementation of Financial Sector Technology Innovation (ITSK). This *sandbox* mechanism is not just a test ground, but represents a paradigm shift in regulatory approaches from *an ex-post* and reactive model to an *ex-ante* and proactive model that allows regulators to comprehensively understand risks before a product or service is launched to the public on a massive scale.¹³ Essentially, *the regulatory sandbox* serves as a *living laboratory* that provides a controlled environment for fintech and crypto asset businesses to test their innovations, while the OJK can simultaneously monitor, analyze, and evaluate the level of compliance, feasibility, and potential risks that may arise.

The application of *the regulatory sandbox* in the context of crypto assets has multidimensional strategic value. For regulators, this mechanism is a vital instrument for building *evidence-based regulation*, where policy decisions are based on data and empirical experience collected during the trial period, relying only on theoretical assumptions. This allows the OJK to formulate regulations that are more precise, relevant to technological

¹³ Financial Services Authority. 2023. *OJK Annual Report 2023: Strengthening the Financial Services Sector in the Digital Era*. Jakarta: Financial Services Authority.

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developments, and in accordance with the specific characteristics of various types of crypto assets, ranging from *utility token* to *security tokens*. For industry players, the presence of *sandboxes* provides conditional *approval* and a safe space to innovate without being directly burdened by complete regulatory obligations, which in turn can encourage healthy and responsible industry growth.

Furthermore, *the regulatory sandbox* acts as a sophisticated *filtering mechanism* to protect investors. Before a crypto asset product is allowed to enter the *sandbox*, the OJK can set strict eligibility criteria, such as the credibility of the development team, the clarity of the business model, the adequacy of the cybersecurity system, and the existence of adequate consumer protection mechanisms. During the trial period, OJK has the authority to strictly monitor the implementation of the principles of transparency, *suitability*, and fair treatment of trial participants. Thus, the risks faced by investors can be minimized from the earliest stage, as only innovations that have been proven to be safe, reliable, and compliant while in *the sandbox* will be allowed to operate in full.

The implementation of *the sandbox* also facilitates a constructive *regulatory dialogue* between the OJK and industry players. The intense interaction during the trial process allowed the OJK to deepen its technical understanding of *blockchain* technology and crypto asset business models, while industry players were able to gain clarity regarding the interpretation and expectations of regulators. This two-way knowledge exchange is invaluable for closing the *knowledge gap* between regulators and regulators, which is often a source of regulatory tension and inefficiencies in the fintech sector.

3.5 The Urgency of Strengthening Digital Financial Literacy and Legal Protection

That the high interest in crypto asset investment in Indonesia, as shown by Bappebti's data on tens of millions of investors by 2025, should be seen as a phenomenon that contains

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a paradox.¹⁴ On the one hand, the figure reflects the high adoption of financial technology and the spirit of digital financial inclusion. But on the other hand, this is actually an indicator of serious systemic vulnerability, considering that the majority of these investors are beginners with a limited understanding of the complexity and high risks inherent in investing in crypto assets. This low level of digital financial literacy creates dual vulnerabilities: first, cognitive vulnerability in the form of an inability to recognize and manage investment risks; and second, behavioral vulnerability in the form of a tendency to be influenced by aggressive marketing strategies and unrealistic promises of instant profits.

This phenomenon is exacerbated by the characteristics of the crypto asset market that are highly volatile and prone to manipulation. Many retail investors enter the market without an adequate understanding of the fundamental factors that affect the price of crypto assets, such as the development of blockchain technology, global regulations, market sentiment, and supply-demand dynamics. This ignorance makes it easy for them to get caught up in predatory trading practices such as pump and dump schemes, where certain groups artificially hoist the price of assets before selling them in large quantities and leave retail investors with significant losses.¹⁵ In addition, the rise of fraudulent investment schemes in the name of blockchain technology further complicates the investor protection landscape, considering the evolving modus operandi and is often difficult to distinguish from *legitimate blockchain* projects.

In this context, the OJK is required to play a dual role that is preventive and curative. At the preventive level, OJK must pioneer massive, systematic, and sustainable digital financial education and literacy programs. The program should not be general, but it needs

¹⁴ Dwi Kurniawan, Itok, Satryo Sasono, Ismawati Septiningsih, Bambang Santoso, and Muhammad Rustamaji. 2021. "The Transformation of the Use of Cryptocurrencies through Bitcoin in Commercial Transactions Linked to the Legal Protection Discourse of Consumers in Indonesia." *Journal of Law of the Mimbar Justitia* 7 (1): 125-145.

¹⁵ Kadek Dyah Pramitha Widyarani, Ida Ayu Putu Widiati, & Ni Made Puspasutari Test. 2022. "A Juridical Study of the Use of Crypto Coins as a Means of Payment in Indonesia." *Journal of Legal Preferences*, 3(2), 300-305.

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to be specifically designed to target different segments of investors with different levels of knowledge. Educational materials should include a fundamental understanding of blockchain technology, the working mechanisms of different types of crypto assets, identification of investment risks, basic risk management techniques, as well as how to recognize the characteristics of unhealthy investment projects. Collaboration with academics, industry associations, and fintech education platforms is key in designing content that is relevant and easy to understand by various groups.

At the curative level, the OJK needs to ensure that there is a clear, accessible, and effective legal protection mechanism. This includes strict regulations regarding information transparency from crypto asset trading operators, the obligation to implement robust *know your customer* (KYC) and *anti-money laundering* (AML) principles, as well as high cybersecurity standards to protect investors' assets. Furthermore, the OJK must provide and socialize an effective complaint channel for investors who feel aggrieved, equipped with efficient and non-convoluted dispute resolution procedures. This mechanism must be able to handle various types of disputes, ranging from technical transaction issues to more systemic fraud cases.¹⁶

That is no less important is consistent and firm law enforcement against the perpetrators of violations. OJK needs to coordinate closely with law enforcement to ensure that market manipulation practices, investment fraud, and other violations receive appropriate sanctions, both administratively and criminally. Strict sanctions not only serve as a punishment for the perpetrator, but also as a *deterrent effect* that prevents similar violations from occurring in the future. With a comprehensive approach that combines preventive aspects through education and curative aspects through strong legal protection

¹⁶ Martinelli, Ida. 2021. "Looking at Financial Technology (Fintech) in the Banking Sector that can Harm Consumers." *Journal of SOMASI (Social Humanities and Communication)* 2 (1): 32–43.

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mechanisms, OJK can build investor resilience and create a healthier, fairer, and more sustainable crypto asset investment ecosystem for all stakeholders

4. Conclusion

In today's digital era, all community activities are inseparable from the use of technology. Almost all sectors have taken advantage of technological developments to innovate, including the financial sector. Thus, the development of digital technology has fundamentally changed the global financial system, including in Indonesia. One of the most prominent innovations is the emergence of crypto assets (*cryptocurrencies*) as an alternative investment instrument outside the conventional financial system. In this regard, the OJK has taken important steps to strengthen the regulatory and supervisory framework for crypto assets in Indonesia with the main goal of protecting investors, maintaining financial system stability, and encouraging the healthy growth of the digital asset industry. However, due to the rapidly changing character of crypto assets and significant risks, the OJK's task still requires effective implementation, increased investor literacy, and compliance of business actors so that these regulations and supervision really have a positive impact.

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