

From Hype to Reality: Exploring the Economic Impact of Cryptocurrency in the Archipelago

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ABSTRACT

This article examines the economic impact of cryptocurrency in the archipelago, focusing on shifting perceptions from hype to reality. Through a qualitative approach, the study uses in-depth interviews and content analysis from social media platforms to explore the views of the public, investors, and stakeholders on cryptocurrency. The findings suggest that despite significant investment potential and innovation opportunities, challenges such as unclear regulation, market volatility, and security risks remain major barriers to widespread adoption of cryptocurrency in Indonesia. The article suggests the need for more comprehensive policies and public education to maximize the economic benefits of this technology and mitigate its risks.

Keywords: Cryptocurrency, Economy, Regulation, Volatility, Innovation, Indonesia.

INTRODUCTION

Cryptocurrency has become a hot topic around the world in recent years, including in Indonesia. With the increasing public and investor interest in this digital asset, many see cryptocurrency as an innovative solution to traditional financial problems, such as accessibility, transparency, and transaction efficiency. However, along with the hype surrounding this technology, there are various challenges that need to be understood more deeply. This study aims to explore the economic impact of cryptocurrency in the archipelago, focusing on how the adoption of this technology can affect investment behavior and financial inclusion in society (Catalini & Gans, 2016).

While many have called cryptocurrency the future of the financial system, the reality is often much more complex. Factors such as immature regulation, extreme price volatility, and security risks are important issues faced by investors and users. According to Böhme et al. (2015), proper regulation is essential to address these challenges and ensure that the economic benefits of cryptocurrency are widely accessible. Therefore, a deep understanding of these dynamics is essential to formulate relevant and effective policies to support the cryptocurrency ecosystem in Indonesia.

Through this research, it is expected to gain better insight into how cryptocurrency can contribute to economic growth in the archipelago, as well as strategies to mitigate the associated risks. Using qualitative methods, including interviews and content analysis, this study aims to provide a clear picture of public perceptions of cryptocurrency and its implications for the local economy (Yermack, 2017).

METHOD

This study uses a qualitative approach to explore the economic impact of cryptocurrency in the archipelago. The data collection method consists of in-depth interviews with 30 respondents, including cryptocurrency investors, financial experts, and ordinary users. Respondents were selected using a purposive sampling technique to ensure that they have adequate understanding of cryptocurrency. Interviews were conducted with the aim of exploring respondents' views, experiences, and perceptions regarding the opportunities and challenges faced in cryptocurrency investment. In addition, content analysis was conducted on social media discussions related to cryptocurrency, in order to gain additional insights into public opinion and emerging trends in society (Creswell & Poth, 2018).

The data collected from interviews and content analysis were processed using thematic analysis methods, which allowed researchers to identify key patterns and themes related to the economic impact of cryptocurrency. This process included coding data, grouping themes, and drawing conclusions based on the analysis conducted. In this way, this study aims to provide a comprehensive picture of how cryptocurrency influences investment behavior and its impact on the local economy in Indonesia (Nowell et al., 2017).

RESULTS

The results showed that the majority of respondents viewed cryptocurrency as an attractive investment opportunity, with the potential to increase financial inclusion in areas underserved by traditional banking systems. Many respondents noted that the use of cryptocurrency could reduce transaction costs and speed up the process of transferring funds, especially for international transactions. However, they also expressed concerns about extreme price volatility and the risk of fraud, which could hinder public trust in these digital assets. This is in line with previous findings that security and regulatory factors are major barriers to widespread cryptocurrency adoption (Zohar, 2015; Yermack, 2017).

In addition, social media content analysis revealed a positive trend towards educating the public about cryptocurrency, with a lot of informative content being disseminated by influencers and online communities. However, there is also a lot of misleading information, which can negatively influence public perception. This study found that in order to maximize the economic potential of cryptocurrency, clearer regulations and comprehensive public education are needed to improve financial literacy. In conclusion, although cryptocurrency offers great opportunities, existing challenges must be overcome to achieve sustainable economic benefits in the archipelago (Catalini & Gans, 2016; Nowell et al., 2017).

DISCUSSION

This discussion highlights how cryptocurrency, although still considered a developing phenomenon, has begun to show significant impacts on the economy in the archipelago. People are showing high interest in investing in cryptocurrency as an alternative to traditional financial instruments. This is due to the ease of access and the potential for large profits. However, research findings show that uncertainty caused by price volatility and the lack of clear regulations are major barriers to further adoption. According to Catalini and Gans (2016), the importance of proper regulation in balancing innovation and consumer protection becomes crucial in this context. Without clear regulations, people tend to hesitate to invest in cryptocurrency, which can hamper the potential growth of this sector.

On the other hand, content analysis on social media shows a positive change in public literacy regarding cryptocurrency. Education provided by online communities and influencers plays an important role in increasing public understanding. However, there is also a risk of misleading information that can confuse public perception. In line with the findings of Nowell et al. (2017), it is important for stakeholders to provide accurate and relevant information so that the public can make the right decisions regarding cryptocurrency investment. Therefore, to maximize the positive impact of cryptocurrency in the archipelago, cooperation is needed between the government, financial institutions, and communities to create a supportive, transparent, and educational ecosystem.

CONCLUSION

From the results of this study, it can be concluded that cryptocurrency has significant potential to impact the economy in the archipelago, especially in increasing financial inclusion and providing alternative investments for the community. Despite the hype surrounding this technology, challenges such as price volatility and lack of clear regulations must be overcome so that this potential can be realized to the fullest. Without a supportive regulatory framework, many individuals will remain hesitant to invest, which could hinder the growth of the cryptocurrency sector in Indonesia. Therefore, it is important for policymakers to formulate clear and effective regulations, in order to create a safe environment for investors.

In addition, the importance of public education and literacy regarding cryptocurrency cannot be ignored. The public needs to be equipped with accurate information to make the right investment decisions. Collaboration between the government, financial institutions, and the education community is essential to create a transparent ecosystem that supports the growth of cryptocurrency. With these steps, it is hoped that cryptocurrency can provide sustainable and inclusive economic benefits for people in the archipelago (Catalini & Gans, 2016; Zohar, 2015).

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