



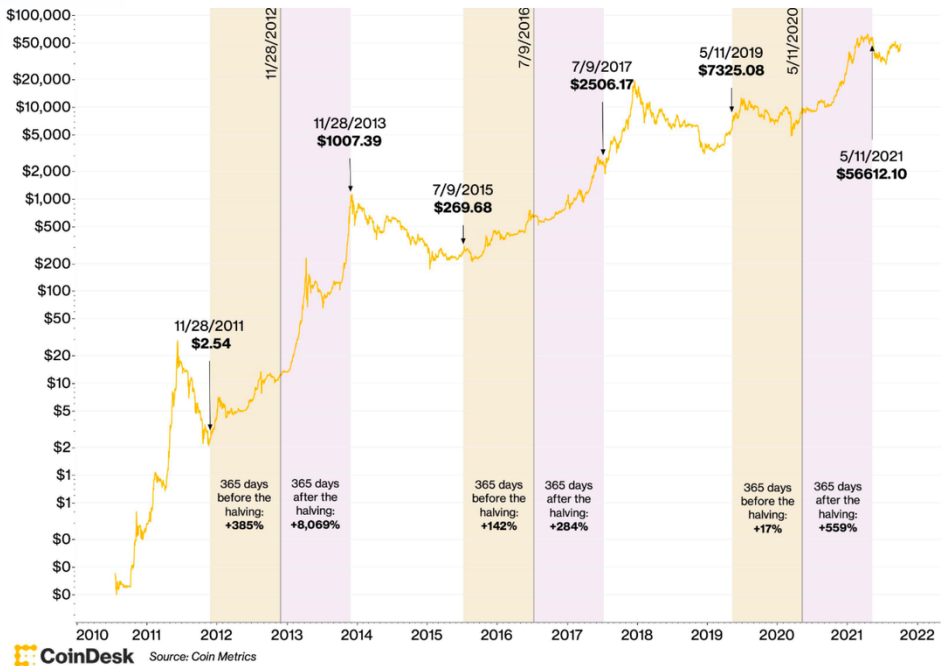
# Bitcoin Halving and Its Impact on the Indonesian Economy: **A Comprehensive Analysis**



# What is Bitcoin Halving?

Bitcoin Halving is a pivotal event in the world, occurring approximately every four years, or after every 210,000 blocks are mined. It signifies the halving of the reward that miners receive for adding new blocks to the Bitcoin blockchain. Initially set at 50 BTC per block, this reward halves at each halving event. The recent halving in May 2020 reduced the reward to 6.25 BTC per block. This mechanism is a fundamental part of Bitcoin's design to control inflation and ensure a finite supply of 21 million coins.

## Bitcoin's Halving Timeline



## General Implications of Bitcoin Halving

The halving event is significant due to its impact on the supply of new bitcoins entering the market. It is an anti-inflationary measure that ensures the scarcity of Bitcoin, often leading to speculative interest and potential price increases. However, these outcomes are not guaranteed, as other market factors also play a role. The halving can also impact miners' profitability, as the rewards for mining are reduced

### BITCOIN'S HALVING EFFECT ON PRICE



## Impact on the Indonesian Economy

Indonesia, with a burgeoning interest in crypto assets, experienced the ripple effects of global events like Bitcoin Halving. The country's crypto assets market has shown significant growth since November 2023, it could be referring through CoFTRA primary data.



### **Investment and Speculation:**

The halving often leads to heightened interest in Bitcoin, potentially attracting more Indonesian investors to the crypto assets market. This could influence capital inflow and affect the country's financial market dynamics.



### **Market Volatility:**

Halving event can introduce volatility in the crypto assets market, affecting Indonesian investors. This volatility is particularly relevant given the high interest in crypto assets among Indonesia's youth and tech-savvy population.

## Tokenization and Regulated Custody in the Context of Bitcoin Halving

As Bitcoin's value and public interest potentially rise post-halving, the concepts of tokenization and regulated custody gain importance. Secure and regulated custody of digital assets becomes crucial, especially in a market that might experience increased valuation



### **Enhanced Security:**

The growth of the crypto assets market post-halving necessitates secure storage solutions for digital assets, highlighting the importance of regulated custody services.



## Tokenization Opportunities:

The halving event could accelerate the trend of tokenising assets, offering new investment avenues and contributing to Indonesia's economic growth. Bitcoin halving, which cuts the reward for mining Bitcoin in half roughly every four years, creates a predictable and controlled reduction in the supply of new Bitcoin. This, in turn, can lead to increased demand for alternative investments, including tokenized real-world assets.

- **Several factors contribute to this:**

- a. Scarcity breeds value:** As the supply of Bitcoin becomes scarcer, its price is likely to increase. This can make other investment options, such as tokenized real-world assets, seem more attractive in comparison.
- b. Search for yield:** With the reduced rewards from Bitcoin mining, investors may seek out other assets that offer higher potential returns. Tokenized real-world assets, such as property or artwork, can generate income through rent, dividends, or appreciation.
- c. Diversification:** A diversified portfolio is less risky than one concentrated in a single asset. As Bitcoin becomes a more significant part of some investment portfolios, investors may look to tokenized real-world assets to diversify their holdings and reduce risk.

- **Benefits of Tokenizing Real-World Assets**

- a. Increased liquidity:** Tokenization can make it easier to buy, sell, and trade fractional ownership of real-world assets, which can increase liquidity and attract a wider range of investors.
- b. Improved accessibility:** Tokenization can make it possible for smaller investors to participate in the ownership of high-value assets that would otherwise be out of reach.
- c. Enhanced efficiency:** Tokenization can streamline the process of owning and managing real-world assets, reducing administrative costs and paperwork.

# Post 2022 Scenario Analysis of the Crypto Assets Market in Indonesia

Indonesia's crypto assets landscape is at a pivotal juncture. Driven by a surge in investor interest and the recent establishment of Indonesia Crypto Asset Futures Exchanges (CFX), the archipelago nation is grappling with balancing its burgeoning crypto scene with regulatory oversight and consumer protection.



**A Nation Embracing Crypto:** Indonesia boasts one of the world's most enthusiastic crypto investors, with an estimated 18.25 million investors, according to data from Bappebti/CoFTRA, the Commodity Futures Trading Supervisory Agency last November 2023. This figure surpasses the number of stock market investors, highlighting the significant shift towards digital assets in the country.



## The Indonesia Crypto Asset Futures Exchanges (CFX):

CFX is the first Crypto Asset derivatives exchange in Indonesia, which is regulated by the Indonesian government and plays an important role in facilitating the growth and development of the digital asset market in Indonesia. Some CFX roles related to infrastructure, transaction reporting, and consumer education that include:

- Educational programs and awareness campaigns
- Partnerships with various financial authorities, regulators and local strategic entities such as banks, financial companies and financial services that are still Web2-based
- Developing innovative crypto products and services (futures and derivative products)
- Increase market liquidity and expand crypto accessibility

CFX is committed to the highest compliance standards, strengthening investor protection through monitoring Indonesia-based crypto exchanges, and introducing innovative products in the broader digital asset business by providing the highest security and transparency standards to enhance the Indonesian crypto ecosystem.

## Conclusion

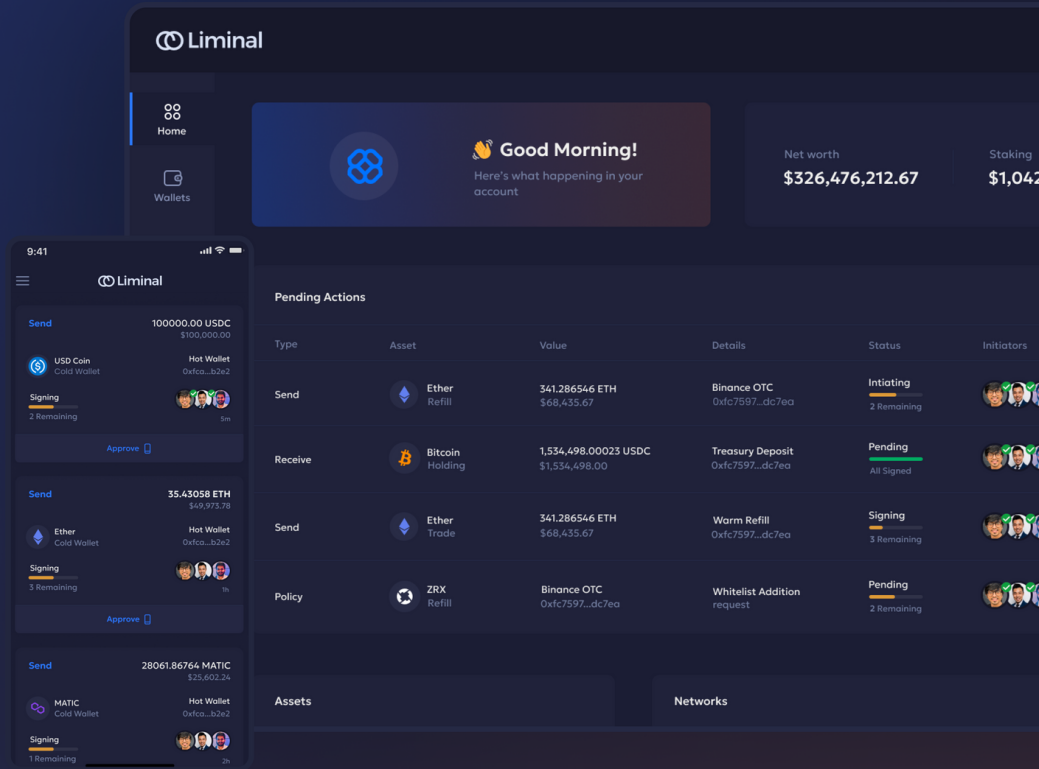
The Bitcoin Halving presents a complex array of opportunities and challenges for the Indonesian economy. While it could lead to increased investment and interest in the crypto assets sector, it also necessitates a robust regulatory framework and ethical mining practices. The government's efforts to combat illegal mining and establish a regulated trading environment are steps towards balancing the benefits of digital currency growth with the need for sustainability and investor protection. As Indonesia continues to navigate its digital economy, understanding and adapting to events like Bitcoin Halving will be crucial for economic resilience and innovation in the global digital landscape.

Although Bitcoin Halving marks a significant milestone in the journey of crypto assets, it is imperative for all investors to consistently exercise thorough consideration and research when making decisions in all transactions conducted.





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**Asosiasi Blockchain dan Pedagang Aset Kripto Indonesia is an association composed of business entities implementing blockchain technology and registered crypto exchanges in Indonesia.**



The association primarily focuses on establishing a high-quality business environment to promote understanding, utilization, progression, and competitiveness in the Web3 market at both national and international levels.



Driven by the values of equality, decentralization, empathy and responsibility, the Association is committed to supporting the massive, transparent, and systematic penetration of blockchain technology and crypto asset ecosystem while upholding ethical standards and best practices within this dynamic space.



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