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A Comparative Study of Digital Crypto Investor Protection Between Indonesian Law and Japanese Law

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Abstract
The development of blockchain-based financial technology has created a trading tool known as crypto assets. The rapid growth of crypto assets in Indonesia and Japan offers financial innovation but also presents high risks, including speculation, fraud, and inadequate investor protection. This study aims to analyze and compare the forms of legal protection for crypto asset investors in Indonesia and Japan, as well as assess the role of the government and exchange companies in ensuring the security and public trust in digital assets. This study uses a normative juridical method with a comparative approach, through an analysis of laws and regulations, government policies, and case studies of Indodax (Indonesia) and Coinchek (Japan). The results of this study indicate that the Indonesian legal system, currently regulated by Commodity Futures Trading Regulatory Agency (Bappebti) still treats crypto as a trading commodity, resulting in more administrative liability and not yet fully protecting investors. In contrast, Japan, through its Financial Services Agency (FSA), has designated crypto as a legal means of payment with a stronger protection system. This research confirms that the role of government and exchanges is the most important factor in achieving effective legal protection in the crypto asset sector.

Keywords: *Crypto Assets, Economic Law, Indonesia's Bappebti, Investor Protection, Japan's Fsa.*

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1. Introduction

The development of digital technology over the past two decades has fundamentally changed the face of the financial industry. One of the most disruptive innovations is the emergence of blockchain-based digital assets, widely known as cryptocurrencies.[1] Amid the growing need for a more inclusive and efficient financial system, digital assets such as Bitcoin, Ethereum, and thousands of other tokens are attracting the interest of investors from various backgrounds. This phenomenon is not only occurring in developed countries but is also growing rapidly in developing countries like Indonesia. However, behind the potential for high returns, significant risks also lurk, especially for investors

[1] Philipp Hacker, Ioannis Lianos, Georgios Dimitropoulos, and Stefan Eich, eds. *Regulating blockchain: techno-social and legal challenges*, (Oxfordshide: Oxford University Press, 2019), 12.

who lack a thorough understanding of the structure and laws governing these digital assets.[2]

In Indonesia, regulations regarding crypto assets are still in their infancy. The government, through Indonesian Commodity Futures Trading Regulatory Agency (*Badan Pengawas Perdagangan Berjangka Komoditi*/BAPPEBTI), has classified crypto assets as digital commodities, not as a means of payment. While this is an important first step, many aspects of investor protection remain incomplete.[3] Legal loopholes, unclear consumer protection standards, and a lack of transparent oversight mechanisms present challenges. Numerous cases of losses suffered by retail investors are due to a lack of digital literacy and the absence of a structured risk mitigation system.[4]

Meanwhile, Japan has taken a much more proactive and progressive approach. Since legalizing Bitcoin as a means of payment in 2017, Japan, through its Financial Services Agency (FSA), has established a relatively stable legal ecosystem for the crypto industry. Policies such as mandatory licensing for exchange providers, regular audits, and the separation of customer funds from operating funds are clear evidence of Japan's commitment to investor protection. This approach not only provides a sense of security for the public but also encourages healthier and more sustainable innovation in the digital asset industry.[5]

In the ever-evolving digital economy, crypto assets have emerged as an investment instrument that is not only popular but also high-risk. On the one hand, crypto opens up significant opportunities for financial inclusion, technological innovation, and investment diversification. However, on the other hand, the lack of legal protection for investors, particularly in countries with immature regulations like Indonesia, leaves numerous potential losses.[6] Investments are often not based on a thorough understanding of the risks and

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[2] Tim Riset CoinMarketCap, “Global Cryptocurrency Market Capitalization Report,” *CoinMarketCap*, 2024. Retrieved in November 23, 2025 from https://coinmarketcap.com/charts.

[3] Marika Salo-Lahti, “Regulating Crypto-Assets: Investor Protection Strategies and the 5-I’s Model,” *European Business Law Review* 34, no. 4 (2023): 135.

[4] Bank Indonesia, “Siaran Pers Larangan Penggunaan Aset Kripto sebagai Alat Pembayaran, 2021,” Bank Indonesia, November 12, 2025 from https://www.bi.go.id/id/publikasi/siaran-pers. See too, Hanung Widjangkoro, “Upaya hukum terhadap investasi cryptocurrency dogecoin ilegal yang merugikan konsumen,” *perspektif: Kajian Masalah Hukum dan Pembangunan* 29, no. 2 (2024): 75; Wardah Yuspin, and Arief Wicaksono, “Telaah yuridis perlindungan konsumen dalam kegiatan investasi aset kripto di indonesia,” *DiH: Jurnal Ilmu Hukum* (2023): 89.

[5] Mentari Puspadini, “Kejagung: Aset Kripto Sering Dipakai Tindak Pidana,” *CNBC Indonesia,* October 5, 2023. Retrieved in Novmeber 12, 2025 from https://www.cnbcindonesia.com/market/20231005072625-17-477999/kejagung-aset-kripto-sering-dipakai-tindak-pidana.

[6] Taufan Bangun Samudra, and Inda Rahadiyan, “Legal Protection for Crypto Asset Customers in Indonesia Against Investment Losses in Botxcoin,” *Journal of Private and Commercial Law* (2025): 14. See too, Dahris Siregar, “Legal Protection for Investors in Bitcoin Transactions on Exchange Platforms,” *Binamulia Hukum* 14, no. 1 (2025): 57; Miko Rilianto Pratama, Joanita Jalianery, and Vicka Prama Wulandari, “Perlindungan Hukum Investor Cryptocurrency: Kajian Kepastian Hukum Dalam Perspektif Hukum Perdata,” *Jurnal Locus Penelitian dan Pengabdian* 4, no. 11 (2025): 10582.

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are not protected by an adequate legal system. In this context, the presence of strong regulations is not only a legal requirement but also part of the state's efforts to ensure justice and the economic security of its citizens.[7]

The urgency of this research is further reinforced by the need for benchmarking against more advanced countries in formulating crypto regulations, such as Japan. Japan has not only established a clear and well-functioning legal framework but has also succeeded in creating a relatively safe and publicly trusted digital asset ecosystem.[8] This comparative study is expected to provide a clearer understanding of how regulations can serve as a protective instrument, rather than simply a barrier. This research is urgently needed to enable Indonesia to accelerate the process of developing crypto regulations that are not only adaptive to technology but also support the interests and protection of investors, especially the most vulnerable retail investors.[9]

Furthermore, the urgency of this research stems from the fact that crypto not only impacts the economic sphere but also has cross-border legal implications. The borderless nature of crypto makes national regulations insufficient. Without coordination and harmonization with international practices, Indonesia risks falling behind in providing legal certainty to investors and businesses.[10] Therefore, learning from the Japanese regulatory model can provide a starting point for formulating policies that are not only effective domestically but also compatible with global dynamics. This research is expected to be a strategic initial contribution to building a modern, inclusive legal protection system that is ready to face the complexities of the digital asset world going forward.[11]

Looking at the contrasting approaches between Indonesia and Japan, a fundamental question arises: to what extent is the existing legal protection system in Indonesia capable of protecting digital asset investors, and Can national economic law guarantee investor protection in the speculative and fraud-prone crypto ecosystem? This comparison is crucial considering that crypto is not just a technological trend but also part of the global economic transformation. Therefore, this study aims to examine in-depth the differences in

[7] Robby Houben, "EU Parliament Research Service, Crypto-Assets: Key Developments and Policy Issues," *European Parliament*, April 2020. Retrieved in November 21, 2025 from https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI(2020)649352.
[8] Japan FSA, *Amendments to the Payment Services Act and FIEA*, 2022.
[9] Pusat Pengawasan Perdagangan Berjangka Komoditi, "Laporan Pengawasan Perdagangan Aset Kripto, 2023," *Bappebti*, 2023. Retrieved in November 14, 2025 from https://bappebti.go.id.
[10] Undang-Undang Nomor 10 Tahun 2011 tentang Perdagangan Berjangka Komoditi.
[11] OECD, Crypto-Asset Reporting Framework: 2025 Monitoring and Implementation Update, Global Forum on Transparency and Exchange of Information for Tax Purposes. *OECD*, 2025. Retrieved in November 11, 2025 from https://www.oecd.org/content/dam/oecd/en/networks/global-forum-tax-transparency/crypto-asset-reporting-frameworkmonitoring-implementation-update-2025.pdf. See too, Bthari Octaviani Putri, and Zulkarnain Sitompul, "The Impact of Global Economic Recession on Crypto Asset Trading and Transaction Security in Indonesia," *Unram Law Review* 7, no. 1 (2023): 122.

crypto investor protection regulations in the two countries and provide relevant policy recommendations for regulators in Indonesia in developing a protection system that is adaptive, inclusive, and responsive to current developments.

2. Research Method

This research uses a normative juridical method, namely research that focuses on literature studies and analysis of primary, secondary, and tertiary legal materials. The normative juridical method was chosen because this study aims to examine in depth the differences in crypto investor protection regulations in the two countries, as well as provide relevant policy recommendations for regulators in Indonesia through a normative approach based on legal documents, literature, and other legal sources, without requiring empirical data collection in the field. Primary legal materials include laws and regulations such as the Trade Act, the Commodity Futures Trading Act, Bappebti Regulations, the Japanese Payment Services Act, and the Financial Instruments and Exchange Act. Secondary legal materials were obtained from scientific journals, books, reports from international institutions, and academic analyses related to digital asset investor protection. Tertiary legal materials include credible news, official reports, and government publications.

The approaches used in this research include the Statutory Approach, which involves analyzing positive legal norms in Indonesia and Japan; the Conceptual Approach, which examines the concepts of consumer protection, investor protection, digital platform responsibility, and cybersecurity; and the Comparative Approach, which analytically compares investor protection systems in Indonesia and Japan in a non-table manner, specifically through case studies of Indodax and Coincheck.

3. Research Results and Discussion

3.1. Indodax Case (Indonesia) and Coincheck Case (Japan)

Indodax is the largest crypto exchange in Indonesia. To date, Indodax has not reported any major internal security breaches, although some users have claimed losses of crypto assets in their accounts. Most of these incidents were found to be caused by user-related factors, such as phishing attacks, stolen credentials, the absence of two-factor authentication (2FA), and similar issues. Indodax asserts that it has implemented layered security measures, including cold wallet storage, encryption, notification systems, 2FA, and user education, to prevent cyberattacks.[12] However, from a legal perspective, there is no explicit regulation requiring Indodax to compensate users for asset losses, particularly when such losses result from user error rather than system negligence. Indodax's platform policy explicitly states that the exchange bears no responsibility for the ownership or risks associated with users' crypto asset transactions.[13]

Indonesian law supports this position. Law Number 7 of 2011 designates the Rupiah as the sole legal tender, meaning that crypto assets are not recognized as currency.[14] Bappebti (*Badan Pengawas Perdagangan Berjangka Komoditi*) regulates crypto assets as commodities through technical regulations (such as Bappebti Regulation Number 5 of 2019), which require traders to maintain the security of customers' assets.[15] However, these regulations do not establish any compensation mechanism for asset losses. As a result, in the event of hacking or system failure, users have no guaranteed right to compensation from the platform, and all risks are borne by the investors themselves.

For example, during the Indodax security incident in September 2024, Indodax claimed that user balances were "100% safe," yet there was no legal rule obligating the return of assets, as officially no assets were declared lost. In this context, investor protection in Indonesia remains passive.[16] There are no mandatory insurance schemes, reserve funds, or special investor protection funds as found in the conventional financial sector.[17] Security standards such as cold storage, third-party audits, and asset segregation are not mandated by law, allowing platforms to rely on their own internal policies. Several scholars note that this situation creates ambiguity between legal responsibility and actual practice. In conclusion, the legal liability of crypto exchanges in Indonesia remains weak, leaving users to bear nearly all risks without

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[12] CNN Indonesia, *"*Pengguna Mengaku Kehilangan Aset Kripto di Platform Perdagangan.*" CNN Indonesia,* 2021. Retrieved in November 9, 2025 from https://www.cnnindonesia.com/ekonomi.

[13] Kompas.com, *"*Bappebti Sebut Keluhan Kehilangan Aset Kripto Meningkat,*" Kompas.com,*2022. Retrieved in November 9, 2025 from https://money.kompas.com/read/2022/01/15/. See to, Dirk Zetzsche, and Areti Nikolakopoulou, "Crypto Custody: An Empirical Assessment," *Journal of Financial Regulation* 11, no. 1 (2025): 82.

[14] Roman Situngkir, "Penggunaan E-Money Berdasarkan Undang-Undang Nomor 7 Tahun 2011 Tentang Mata Uang," *De Lega Lata: Jurnal Ilmu Hukum* 3, no. 1 (2018): 56. See too, Efrita Amalia Assa, "Tindak Pidana Pemalsuan Uang Oleh Korporasi Menurut Undang-Undang Nomor 7 Tahun 2011 tentang Mata Uang," *Lex Crimen* 10, no. 3 (2021): 23.

[15] Dewa Ayu Fera Nitha, and I. Ketut Westra, "Investasi Cryptocurrency Berdasarkan Peraturan Bappebti No. 5 Tahun 2019," *Jurnal Magister Hukum Udayana (Udayana Master Law Journal)* 9, no. 4 (2020): 714.

[16] Cokorda Gede Bagus Mahardinata Pemayun, and I. Made Dedy Priyanto, "Perlindungan Hukum Bagi Pelaku Investasi Aset Kripto di Indonesia," *Kertha Wicara: Journal Ilmu Hukum* 15, no. 6 (2025): 349.

[17] Akhmad Fairuz Badi Uyun, and Hardian Iskandar, "Perlindungan Hukum Terhadap Investasi Kripto Pada Aplikasi Tokocrypto," *UNES Law Review* 6, no. 2 (2023): 4190.

guaranteed compensation in the event of technological failures or cyberattacks.[18]

Japan is one of the pioneers in crypto asset regulation. Prior to 2017, crypto exchanges operated with relatively limited regulatory oversight. However, following the Coincheck hacking incident in January 2018, Japanese legislators significantly tightened the regulatory framework. Coincheck lost approximately ¥58 billion (around USD 530 million) worth of NEM tokens due to negligence in storing most customer funds in hot wallets without adequate security measures. The response of Japan's Financial Services Agency (FSA) was firm: the FSA ordered Coincheck to submit an investigative report, rectify its systems, and raise security standards across the national crypto exchange industry.[19]

Legally, Japan regulates crypto service providers under the Payment Services Act (PSA) and the Financial Instruments and Exchange Act (FIEA). Since April 2017, crypto exchanges have been required to register with the FSA. Following amendments between 2016 and 2019, the PSA formally defined "crypto assets" and imposed obligations such as user identity verification and fund segregation. The FIEA further classifies certain crypto tokens as financial instruments. The Coincheck incident prompted the FSA to conduct comprehensive audits of all exchanges, mandate cold wallet storage for over 95% of assets, require strict segregation of customer funds, regular security audits, and the establishment of reserve funds. The FSA also pursued cross-border enforcement by apprehending individuals involved in laundering hacked crypto assets.[20]

Coincheck itself announced that it would reimburse approximately 90% of the victims' assets, even though there was no explicit legal rule obligating such compensation. However, strong public pressure and intensive scrutiny by the FSA compelled the company to assume moral responsibility. Going forward, Japan's regulatory policy prioritizes consumer protection, under which negligent crypto exchanges may face severe sanctions, including the suspension or revocation of their operating licenses.[21]

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[18] Katadata, "Regulator Akui Minimnya Perlindungan Investor Kripto di Indonesia," *Katadata,* 2023. Retrieved in November 9, 2025 from https://katadata.co.id/.

[19] Financial Services Agency Japan (FSA), "Report on the Coincheck Incident and Subsequent Regulatory Revisions", 2018.

[20] Satoshi Sugiyama, "Coincheck Hacked: ¥58 Billion Worth of NEM Stolen," *The Japan Times,* 28 January 2018. Retrieved in November 9, 2025 from https://www.japantimes.co.jp.

[21] Kazuaki Nagata, "Japan Orders Coincheck to Improve Security After Massive Hack," *Nikkei Asia,* 2018.

3.2. Legal Liability of Crypto Asset Trading Platforms such as Indodax and Coincheck for User Losses Resulting from Hacking or the Loss of Digital Assets

The regulation of the liability of crypto asset platforms in Indonesia stems from a legal framework that positions digital assets as commodities traded under the Commodity Futures Trading regime.[22] This provision is reflected in Law Number 10 of 2011 and Regulation of the Commodity Futures Trading Regulatory Agency (*Badan Pengawas Perdagangan Berjangka Komoditi*/Bappebti) Number 5 of 2019, which regulates the physical trading of crypto assets.[23] This regulatory model results in the legal responsibility of providers being more administrative and technical, rather than based on substantive investor protection. Therefore, trading platforms are only required to meet minimum standards such as registration, implementing risk management, and storing data and assets in accordance with Bappebti regulations, with no obligation to compensate users for losses resulting from security breaches or internal inefficiencies within the service provider.

This lack of compensation obligations can also be understood as a consequence of the highly volatile nature of crypto assets.[24] Losses due to price fluctuations are considered an inherent investment risk, so the state does not impose financial responsibility on business operators. However, problems arise when losses are caused by platform negligence, such as system failures, weak asset security, or unauthorized access. The Indonesian legal framework does not clearly distinguish between market risk and operational risk for providers. This results in investors lacking a strong legal basis to seek compensation from the platform, except through general civil mechanisms that are often ineffective due to unclear standards of proof and qualifications for negligence in the crypto industry.[25]

Retrieved in November 9, 2025 from https://asia.nikkei.com.

[22] Teddy Kusuma, "Cryptocurrency dalam perdagangan berjangka komoditi di indonesia perspektif hukum Islam," *Tsaqafah* 16, no. 1 (2020): 113.

[23] Undang-Undang Nomor 10 Tahun 2011 tentang Perubahan atas Undang-Undang Nomor 32 Tahun 1997 tentang Perdagangan Berjangka Komoditi. See too, Peraturan Bappebti Nomor 5 Tahun 2019 tentang Penyelenggaraan Perdagangan Fisik Aset Kripto di Bursa Berjangka; Lukmanul Hakim, and Angga Bela Dinata, "Penggunaan Cryptocurrency Untuk Kepentingan Investasi Berdasarkan Peraturan Bappebti Nomor 5 Tahun 2019 Tentang Ketentuan Teknis Penyelenggaraan Pasar Fisik Aset Kripto (Crypto Asset) di Bursa Berjangka," *Journal of Health Education Law Information and Humanities* 2, no. 1 (2025): 546.

[24] Heike Joebges, Hansjörg Herr, and Christian Kellermann, "Crypto assets as a threat to financial market stability," *Eurasian Economic Review* (2025): 12.

[25] Payment Services Act (PSA), Financial Services Agency (FSA) Japan. See too, Atika Sunarto, Muhammad Ali Adnan, and Azizan Khair, "Civil Law Review on Crypto Investment and Consumer Risks," *Arena Hukum* 18, no. 3 (2025): 421.

In addition, supervision of business actors in Indonesia remains largely reactive and administrative in nature. Bappebti tends to focus on compliance with registration requirements such as minimum capital, management structure, and risk management systems, but has not established stringent audit standards, such as cold wallet verification mechanisms, asset segregation, or recovery fund arrangements. This regulatory gap weakens the legal position of investors, as platform operators are not required to demonstrate that they manage users' assets in accordance with high-level security standards. Consequently, the protection provided is formal and procedural rather than substantive, and does not reflect the precautionary principle in safeguarding digital assets.[26]

In contrast to Indonesia, Japan has developed a far more prescriptive framework of platform liability through the Payment Services Act (PSA) and the Financial Instruments and Exchange Act (FIEA). Under this system, crypto assets are treated as financial market instruments rather than ordinary trading commodities.[27] The FSA requires service providers to implement fund segregation, store the majority of assets in cold wallets, and undergo periodic security audits conducted by independent third parties. These obligations are legally binding and accompanied by administrative and criminal sanctions in the event of non-compliance.[28]

The impact of this regulatory approach is evident in Japan's handling of user losses resulting from hacking incidents. When asset losses occur due to system vulnerabilities, the FSA has the authority to order platforms to provide full or partial compensation to affected investors. Such regulatory intervention demonstrates that platform liability is regarded as an integral component of digital financial system stability. In other words, Japan does not leave investor protection solely to contractual arrangements between platforms and users, but instead legally prescribes minimum standards of responsibility that must be observed to maintain public trust.[29]

International standards further reinforce the argument that platform liability cannot be left exclusively to contractual mechanisms. The Organisation for

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[26] FSA Japan, Financial Instruments and Exchange Act (FIEA).
[27] Tina Van Der Linden, and Tina Shirazi, "Markets in crypto-assets regulation: Does it provide legal certainty and increase adoption of crypto-assets?," *Financial innovation* 9, no. 1 (2023): 22.
[28] Robby Houben, "EU Parliament Research Service, Crypto-Assets: Key Developments and Policy Issues," *European Parliament*, April 2020. Retrieved in November 21, 2025 from https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI(2020)649352.
[29] FSA Japan, Guidelines for Crypto Asset Exchange Service Providers, 2020–2023.

Economic Co-operation and Development (OECD), in its report Regulation of Crypto-Assets, emphasizes the obligation of platforms to apply prudential principles, custodial protection, and minimum compensation schemes to address operational risks inherent in crypto technology.[30] Similarly, the European Union, through its report Crypto-Assets: Key Developments and Policy Issues, underscores the need for clear legal liability for losses arising from system failures or weak internal controls. Compared with Indonesia, these OECD and EU recommendations have been more closely adopted by Japan through the PSA–FIEA regulatory framework, indicating that Indonesia's platform liability standards remain behind global best practices.[31]

3.3. The Extent to Which National Economic Law Can Ensure Consumer and Investor Protection in a Highly Speculative, Fraud-Prone, and Low-Transparency Crypto Asset Ecosystem

The role of national regulation in protecting crypto asset investors in Indonesia remains fragmented. The classification of crypto assets as commodities places Bappebti as the primary regulator, while other institutions such as the Financial Services Authority (*Otoritas Jasa Keuangan*/OJK) and Bank Indonesia (*Bank Indonesia*/BI) have no significant supervisory authority over this sector. This institutional fragmentation results in investor protection measures that are not integrated into the broader financial system, even though crypto assets exhibit risk characteristics that require strong prudential oversight. Consequently, state policies tend to focus on administrative aspects, such as licensing and technical requirements, rather than providing substantive protection that ensures legal certainty for investors.[32]

One of the main weaknesses of the national regulatory framework is the absence of mechanisms for protecting customer funds. Indonesia does not impose strict asset segregation requirements, allowing customer funds and operational funds to be commingled within platform systems. Moreover, there is no investor protection fund or recovery mechanism to guarantee compensation in the event of operational failure or hacking incidents. In modern financial markets, these mechanisms constitute minimum standards

[30] Dmitru Kochergin, "Crypto-assets: Economic nature, classification and regulation of turnover," *International organisations research journal* 17, no. 3 (2022): 87. See too, Klaus Peter Follak, "U Commission Proposal: Regulatory Package on Crypto-Assets," *Regulation (EU)* 2, no. 1 (2017): 2402.
[31] OECD Blockchain Policy Centre, "Regulation of Crypto-Assets, 2021." *OECD*, 2021, Retrieved in November 23, 2025 from https://www.oecd.org/finance/regulation-of-crypto-assets.htm
[32] Peraturan Direktur Jenderal Pajak PER-17/PJ/2022 tentang Perlakuan Pajak atas Aset Kripto.

for managing operational risk, and their absence indicates that investor protection in Indonesia remains at a very early stage.[33]

In contrast, Japan has developed an integrated and preventive regulatory model through the Payment Services Act (PSA) and the Financial Instruments and Exchange Act (FIEA). These regulations place investor protection as a primary objective, imposing obligations on platforms to implement strict risk management, robust cybersecurity standards, the use of cold wallets for storing the majority of assets, and periodic external audits.[34] The Financial Services Agency (FSA) exercises active supervision through on-site inspections, administrative orders, operational suspensions, and even the authority to compel corporate restructuring in cases of regulatory violations. This model illustrates how the state plays a central role in creating a secure digital asset ecosystem.

From a global perspective, the International Monetary Fund (IMF), in its Global Financial Stability Report, emphasizes that states must adopt comprehensive regulatory frameworks to maintain financial stability in the crypto-asset sector.[35] The IMF notes that jurisdictions regulating only trading activities without adequate investor protection are likely to generate greater systemic risks, particularly in relation to cybersecurity and platform failures. Compared with IMF recommendations, Indonesia's regulatory framework has not yet met international standards, as it lacks mechanisms for systemic risk mitigation and resolution schemes for platform failures. Japan, by contrast, has already complied with most of these recommendations.[36]

In addition, there is a clear difference in policy orientation between the two countries. Indonesia continues to emphasize crypto assets as trading commodities, resulting in investor protection not being treated as a primary objective in policy design. In contrast, Japan views crypto assets as part of the digital financial infrastructure that must be subject to strict supervision, making investor protection an integral component of systemic stability. This

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[33] OECD Blockchain Policy Centre, "Regulation of Crypto-Assets, 2021," *OECD*, 2021. Retrieved in November 9, 2025 from https://www.oecd.org/finance/regulation-of-crypto-assets.htm. See too, Takeshi Nagase, Tomoyuki Tanaka, and Takato Fukui, "Blockchain & Cryptocurrency Laws and Regulations 2022| Japan," *Global Legal Insights* 2, no. 1 (2022): 125.

[34] Yanqing Wang, "Do cryptocurrency investors in the UK need more protection?" *Jurnal of Financial Regulation and Compliance* 32, no. 2 (2024): 234.

[35] Tina Van Der Linden, and Tina Shirazi, "Markets in crypto-assets regulation: Does it provide legal certainty and increase adoption of crypto-assets?," *Financial innovation* 9, no. 1 (2023): 24.

[36] IMF, "Global Financial Stability Report — Crypto Chapter," IMF Monetary and Capital Markets Department, October 11, 2022. Retrieved in November 11, 2025 from https://www.imf.org/en/Publications/GFSR.

divergence in policy orientation creates a substantial gap in the effectiveness of investor protection, with Japan adopting a more proactive approach to risk management and the minimization of public losses.

Another important dimension concerns transparency and disclosure obligations. The OECD, in *Regulation of Crypto-Assets*, emphasizes that investor protection cannot be achieved without clear information regarding fees, risk structures, governance, and asset custody mechanisms. This principle is reinforced by the European Union through the establishment of the MiCA (Markets in Crypto-Assets) framework, which requires auditable and periodic risk disclosures. In Indonesia, however, risk transparency obligations remain very limited and are generally confined to platform-drafted terms and conditions without minimum regulatory standards. Japan, by contrast, enforces strict transparency mechanisms, including mandatory reporting of security incidents, operational changes, and financial conditions to the FSA.[37] This underscores the need to strengthen Indonesia's national regulatory role to ensure that investors receive adequate information before engaging in crypto asset trading.

4. Closing

4.1.**Conclusions** Based on an analysis of the legal responsibilities of crypto asset platforms and the role of national regulations in protecting investors, it can be concluded that Indonesia's regulatory framework is still in its infancy and has not yet established adequate protection standards. The classification of crypto assets as futures commodities limits platform responsibilities to fulfilling administrative and technical obligations stipulated by Commodity Futures Trading Regulatory Agenc), without any obligation to compensate investors for losses resulting from system failures, security weaknesses, or operational errors. Consequently, investor protection in Indonesia remains normative and lacks legal instruments to guarantee concrete rights recovery.

In contrast, Japan has developed a more comprehensive regulatory framework through the Payment Services Act and the Financial Instruments and Exchange Act, which place crypto assets under a financial market surveillance regime. These regulations mandate fund segregation, asset storage in cold wallets, periodic external audits, and a binding compensation mechanism, with active oversight by the Financial

[37] FSA Japan, Crypto Asset Market Regulation and Supervisory Framework, 2021.

Services Agency as part of efforts to maintain the stability of the digital financial system.

4.2.**Suggestions** These findings are consistent with the standards and recommendations of international institutions such as the OECD, the European Union, and the IMF, which emphasize the importance of transparency obligations, operational risk mitigation mechanisms, and robust consumer protection frameworks in the crypto-asset sector. Japan has adopted most of these international standards, whereas Indonesia has yet to fully implement them. This divergence in policy orientation indicates that Indonesia needs to reformulate its regulatory framework to align with global best practices and to provide more substantive protection for investors.

Based on this comparison, it can be concluded that Indonesia requires a renewed legal framework that places investor protection as a primary priority, rather than focusing predominantly on trading activities and licensing. Regulatory strengthening may be pursued through the development of customer fund segregation mechanisms, the establishment of an investor protection fund, the enhancement of cybersecurity standards, mandatory independent audits, and the imposition of minimum compensation schemes for non-market losses. Such reforms are essential not only for investor protection but also for the long-term stability of the national digital asset market. By drawing lessons from Japan and adhering to evolving international standards, Indonesia can build a crypto-asset ecosystem that is secure, transparent, and trustworthy.

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CNN Indonesia, "Pengguna Mengaku Kehilangan Aset Kripto di Platform Perdagangan", 2021. *CNN Indonesia,* 2021. Retrieved in November 9, 2025 from https://www.cnnindonesia.com/ekonomi.

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