Uncovering Status and Legality of Digital Rupiah as Legal Tender: Using Dignified Justice Theory

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Abstract. Modern digital and telecommunication technologies have been and will continue to be factors in the emergence of innovative products such as the Central Bank Digital Currency (CBDC) called Rupiah Digital. However, the plan to issue Digital Rupiah is not without problems. Primarily, the problem is related to the clarity of the legal status of Digital Rupiah as a legal tender. Using normative legal research methods, this study finds that Article 23B of the 1945 Constitution of the Republic of Indonesia has not explicitly regulated digital currencies. There is a *rechtsvacuum* of the legal tender status of Digital Rupiah at the constitutional level. Besides legally, no regulations regarding status of legal tender of Digital Rupiah in its equality with Paper (bank notes) and Metal Rupiah. However, this research has found a new Act supporting the status and legality of legal tender of Digital Rupiah. The legal theory that navigated the findings of CBDC's legal regulatory framework is the Dignified Justice theory. Under the Dignified Justice theory, despite the inevitable need for comparative law, Pancasila must still be the source of all legal sources for the existence of the Digital Rupiah. **Keywords:** Legality; Legal Tender; Digital Rupiah; Dignified Justice

1 Introduction

As a thesis statement, these writers would argue that it must be juridically and normatively recognized that the existence of regulations or legal rules as law, in this case, regulations or legal rules, especially written ones, which comprehensively regulate the kinds of currency in Indonesia has been stated in the Indonesian state's constitution. In this case, what is meant by the state constitution in this research conducted by the authors here is primarily the written constitution of Indonesia, namely the 1945 Constitution of the Republic of Indonesia (UUD 1945). The necessity of understanding or presupposition above is supported by legal argumentation or dogmatic juridical reasoning in constitutional law, that every regulation formulated in the constitution, as well as other derivative regulations under or derived from the written constitution/basic law, is a form of an effort to realize the completeness and perfection of a legal system. In that regard, every regulation under the constitution is a legal regulation that must exist because it is dictated or derived from the constitution as an abstract

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norm, which is generally referred to as a constitutional norm or rule, including in the meaning of regulations or legal rules and principles, namely the highest legal rules or principles in a sovereign legal system. The abstract norms in the Indonesian state constitution mentioned above are legal norms that are sourced or derived from the highest norms.[1] In this case, the highest norm in Indonesia is Pancasila. As the highest norm, Pancasila can also be referred to as the most abstract legal norm or rule, or the highest legal norm, and which is generally referred to as the source of all sources of law.[2] Whereas abstract legal norms or rules and regulations only are not the most abstract legal norms, or not legal norms named Pancasila as the highest law, the source of all sources of law. The abstract legal norm is the norm in the Indonesian constitution. About the subject of this research, the abstract legal norm is the legal rules formulated in Article 23B of the 1945 Constitution.

Postulated in Article 23B of the 1945 Constitution as an abstract legal norm, that: "The kind and price of currency shall be determined by law". If examined carefully, the formulation of norms in Article 23B of the 1945 Constitution is still abstract, because the article has not been clearly stated, and specifically, or is still a formulation of rules that are quite abstract; because, although in Article 23B of the 1945 Constitution, it has explicitly recognized that there are kinds of currency, Article 23B of the 1945 Constitution has not explicitly and clearly regulated about or formulated explicitly and clearly, what kind of currency the formulators of Article 23B of the 1945 Constitution thought.

For the norm in Article 23B of the 1945 Constitution, which is even though remains abstract, its level of abstractness is reduced, or it becomes closer to concrete legal norms or regulations,[3] then at this time Law Number 7 Year 2011 on Currency Law has been made or has existed. In the formulation of Article 2 paragraph (2) of the Currency Law, it has been regulated the kinds of Rupiah currency. However, the types of Rupiah currency formulated, textually in Article 2 paragraph (2) of the Currency Law, are still limited to the formulation of rules that only regulate the types of Paper Rupiah (bank notes) and Metal Rupiah (coins).[4]

Thus, it can be said that the formulation of legal provisions in Article 2 paragraph (2) of the Currency Law is still not as clear as light. The formulation of Article 2 paragraph (2) of the Currency Law can also be understood to be free of *non liquet*, meaning including the formulation of legal norms governing the kind of money resulting from technological developments in the digital era and modern telecommunications, which in Indonesia has been initiated or planned to be issued by the government and used in the community as legal tender, and which is referred to as Digital Rupiah.

Regarding the description of the arrangement of legal norms above, according to the authors, the legal issue of this research article is the urgent need to seek clarity on the meaning of the legal regulation of Digital Rupiah. In other words, the research and writing of this research article were conducted or carried out because there is still a lack of clarity in the meaning of the phrase kinds of currency in the formulation of legal arrangements, among others as stated above. It is still not very clear whether the phrase kinds of currencies formulated in the above laws and regulations can be said to include recognition and at the same time the legal basis for the status and legality of the kinds of currencies planned to be issued, in this case, the status and legality according to the law of the Digital Rupiah.

Given the lack of clarity in the regulation of the types of currency as stated above, this research was conducted to unearth or uncovering and ensuring that, according to the legal theory used in this research, what is included in the formulation of the phrase types of currency in the applicable laws and regulations as stated above is the type of currency known as Digital Rupiah. At the same time, this research is also conducted as a form of scientific effort in the field of law to strengthen or solidify the law based on regulations that become the juridical basis or become the place or avenue and premise for "standing" and the placement of "new buildings" in the form of issuance and use and utilization of Digital

Rupiah as a "type" of currency.[5] In other words, there is an urgent need to seek clarity on the meaning of the regulation on the type of currency, including the Digital Rupiah.

Based on the brief background description of the research problem as stated above, there is still a lack of clarity in the formulation of legal arrangements in the legislation in force in Indonesia governing the kinds of currency, whether the phrase kinds of currency, for example, formulated in Article 23B of the 1945 Constitution, includes the kinds of digital currencies that have emerged in this digital era, called Digital Rupiah. Because of this, the authors argue that there is an urgent need for a clear law governing Digital Rupiah and therefore chose to formulate the title of this research article as follows: **Uncovering the Status and Legality of Digital Rupiah as Legal Tender: Using Dignified Justice Theory.**

In connection with the formulation of the research title, the problem formulation of this research is what is the status and legality of Digital Rupiah as a legal tender when examined using the perspective of legal theory known as the theory of Dignified Justice? In other words, more concretely, the problem formulation of this research is: how is a comprehensive and solid legal framework that regulates the status and legality of Digital Rupiah based on the theory of Dignified Justice, and can ensure that Digital Rupiah also functions as a legal tender or legal tender, the result of sustainable financial sector technological innovation (ITSK) and has a positive impact on products, activities, services, and business models in the digital financial ecosystem and dispute resolution regarding the use of Digital Rupiah.

2 Research Methods

The type of research used in this research is pure legal research[6][7][8], commonly known as normative legal research/dogmatic legal research. By the name or nomenclature used, normative legal research methods emphasize more on normative or dogmatic legal aspects. Binding legal texts, especially legislation, and legal literature related to the topic are collected, classified, and analysed. The pure legal research method aims to find, understand, and discuss existing legal norms, as they are, which have a systemic (dogmatic) relationship, including the principles or principles contained in the legal materials observed and analysed, as well as the legal implications of applying these norms.

Legal materials collected in this legal research is sourced from two main legal materials, namely applicable laws, and regulations, that have permanent legal force. Generally, primary legal materials are obtained by desk study, collecting from authoritative sources, or binding legal materials, which are needed. Furthermore, the data or legal materials that have been collected and documented are classified according to the statutory, conceptual, historical, philosophical, and comparative legal approaches carefully. Analysis of legal materials is qualitative with deductive analysis techniques. Aside from that, the use of these two methods will help the paper's analysis as it is relevant to the research topic, allowing a detailed examination of legal materials and other sources that are considered relevance to this topic, to be able to solve the problem of status and legality of the Digital Rupiah as legal tender. By focusing on existing legal materials and other sources, this paper can contribute to the understanding of the status and legality of Digital Rupiah as legal tender. The results of the analysis are outlined in the research report, which was developed into this research article.

3 Research Results and Discussions

The existence of central bank digital currency (CBDC) as a new type of currency has become a common trend in the needs of the global community. Currently, many countries in the world already want or initiate and plan to have their own CBDC. This is evident from the views in the description of a Working Paper prepared by the IMF[5] entitled Central Bank Digital

Currencies: Foundational Principles and Core Features: Report No. 1 in a series of collaborations from a group of central banks, BIS, 2020 Bossu et. al 2020.

3.1 The technical aspects of the digital rupiah

The Working Paper[5] mentioned the technical aspect of the digital rupiah, stated that:

> In reaction to digital ledger, blockchain, and other technological developments, as well as the possible issuance of private virtual currencies ("stablecoins"), the central banking community is actively considering the merits of issuing so-called "central bank digital currency" ("CBDC"). Many central banks have started in-depth discussions on the appropriateness and feasibility of issuing such currency.

Furthermore, citing Barontini and Holden (2019) Bossu also argues that: "A survey concluded that "at this stage, most central banks appear to have clarified the challenges of launching a CBDC".[9] Furthermore, according to Bossu: "most central bank laws do not currently authorize the issuance of CBDC to the general public. From a monetary law perspective, it is not evident that "currency" status can be attributed to CBDC".[10]

Bossu's view above is in line with the findings obtained by the researchers and authors of this research article, that the existence or initiative as well as the plan to issue, and even the use of CBDC by a country needs to be supported by a comprehensive or solid law.[11] The views of the authors above are also supported by the views in a Bank Indonesia White Paper entitled: Project Garuda: Navigating the Rupiah Digital Architecture. It states that: "From a regulatory perspective, the issuance of Digital Rupiah needs to be based on a solid legal framework". The above expression in the Bank Indonesia White Paper means that there is a belief of the government, in this case, more specifically, the parties within Bank Indonesia (BI) if in Indonesia at this time there is still no basis, juridical premise, a strong enough place foundation and a fully reliable legal structure and framework on which to build a policy innovation or plan and use of Digital Rupiah.

3.2 Legal Aspect of Digital Rupiah

It is said in the BI White Paper above that the current legal premise or basis is not very solid as a law that can support the initiation, and if necessary, the use of CBDC. Empiric study as shown by the identification from primary legal materials conducted in this research, has supported the finding stated in the White Paper of Bank Indonesia that there is currently a constitutional foundation, the formulation of articles in the Constitution of the Republic of Indonesia (UUD 1945), does not support the plan for policy making or the issuance and use of Digital Rupiah. In addition to the constitutional basis, this research also found and could be consider as empirical evidence based in primary sources in the context and understanding of normative legal research that there is also a law-level regulation that can be used as a legal reference for the plan to issue and use the central bank's digital currency called Digital Rupiah.

However, in the view of those who wrote the White Paper above, the existence of the constitutional formulation and the regulation at the level of existing laws still gives the impression, as revealed in the White Paper above, that it is less solid. It is possible that what is meant by the expression "less solid" above is that the legal basis found and studied to compile the Bank Indonesia White Paper above, has not been able to become a solid foundation or a reasonable reason, and perhaps more precisely a meaningful juridical rationality for the framework of the issuance and use of Digital Rupiah, especially to understand the status and legality of Digital Rupiah as legal tender.[12][11] In that regard, it is important to state here that what Bank Indonesia assumes in the White Paper is correct. In the literature, not all money can be called legal tender.[11]

The results of comparative studies with other countries show that in England, in 1797, for example, the meaning was accepted as the formulation of a legal regulation known as the Restriction Bill of the type of currency that is not sold or the type of currency that cannot be a medium of exchange at all (inconvertible currency). In Article 11 of the Restriction Bill 1797, it was formulated that banknotes should be considered as cash payments, if any kind of currency (paper or metal) is made and accepted. The formulation of the article of the law then led to a variety of interpretations, among others, if there is no single agreement that requires a piece of banknotes to be accepted, then the banknotes cannot be called legal tender.

However, the concern that appears in the BI White Paper above is unnecessary. In reality, in society, the use of e-money is already very widespread. The concern, from a juridical point of view, is only to emphasize that there is a difference between digital currency, in this case, the Digital Rupiah that is planned to be issued and used, compared to e-money that is already commonly accepted among the public. In this case, there is a very significant difference between e-money and digital money, Rupiah Digital. One striking difference between e-money and digital currencies is that the nature of e-money is that it can be private, issued by individuals, generally bank financial institutions, and not private banks. Central bank digital currencies, on the other hand, are solely public and are issued only by the government of a sovereign nation.

Today, in modern times, almost all currency issued by central banks must be legal tender, and the legality of such currency is regulated by law, unlike the money in the Restriction Bill 1797 which could only become legal tender if it had been pledged as legal tender beforehand. In the modern view of money law, a legal tender contains what is referred to as a compelling force or obligation that must be carried out and is sometimes referred to as the concept of fiat money or in French and German as *cours forcé*, and *Zwangskurs,* respectively. A creditor who refuses to accept a banknote, in this case, a type of currency issued by a sovereign government and mostly personified by the central bank, which is paid to him, while the quality of the banknote has qualified as legal tender as determined in the law, and which is handed over to him, then the person who does not accept the payment cannot demand payment of his debt.

The rejection of any kind of currency, be it Banknotes or Metal Money as legal tender due to the guarantee and binding force that may not be inherent like a law as *erga omnes* law, may not be too problematic if the amount of the transaction is very small. It will be a problem if the payment made with money is very large and must be done by using the intermediary of financial and banking institutions. From this description, it can be seen that the meaning of the concept of "unsolid legal framework" or the status of the legality fund of the Digital Rupiah as revealed in the Bank Indonesia White Paper above, still requires strengthening and strict regulation in the law. In this way, there will be no worries about the non-acceptance of debt payments, or payments for goods and services using a type of currency resulting from innovations in modern digital and telecommunications technology, namely Digital Rupiah.

However, the concerns expressed in the Bank Indonesia White Paper above are still limited to theoretical and speculative interpretations. Given, there are already formulations in Article 1 numbers 1 and 2, Article 21, and Article 23 of the Currency Law, which can be interpreted as the legal basis or legality for the initiation or plan for the existence, even the validity and use of Digital Rupiah as currency and legal tender. Nevertheless, the concerns raised by BI in the White paper above are important to note. An example, that still applies in modern times, can be mentioned here. In the United Kingdom, banks in each Kingdom have the authority to print various currencies.

For example, in Scotland, banks such as the Royal Bank of Scotland, Bank of Scotland, and Clydesdale Bank print different currencies with denominations of £5 and £100. The problem is when a foreigner who happens to live in Scotland (the Northern Kingdom of the United Kingdom) goes to England (the Southern Kingdom of the United Kingdom). It is

possible, but very unlikely, that a person carrying banknotes issued by Scottish banks in denominations of £5 and £100 will shop in England using these denomination notes, and they will not be accepted as legal tender, which would cause socio-economic and legal harm to the foreigner.

Therefore, learning from the comparative legal practice in the United Kingdom in understanding the legality and legal tender status of one kind of currency, in this case, specifically the legality and legal tender status of Digital Rupiah, should not be too dogmatic. It is less dogmatic because generally, even though there is no specific law applicable to the whole of the United Kingdom, which contains a clause requiring persons to accept payment with any banknotes in the denominations mentioned above, banknotes printed by banks in Scotland are accepted in England, Wales, and even in Ireland.

Formulated in other words, having regard to the long-standing legal practice in the United Kingdom, bank notes issued by banks in all English banks, as well as banks in Scotland, are, by common sense and convention, acceptable as legal tender throughout the United Kingdom. However, the obligation to accept such legal tender is not set out in statute, as understood in the dogmatic law.

A juridical view or understanding that is not dogmatic as expressed in the above legal comparison, needs to be examined from the perspective of the Dignified Justice theory. As is known, in the perspective of Dignified Justice theory, it is still possible to use a comparative legal approach as long as the things to be adopted from a comparative legal result are in line or first filtered with Pancasila as the highest norm standard in Indonesia. In essence, from the perspective of the Dignified Justice theory, the law aims to humanize humans (*nguwongke uwong*). So, in this case, the legality and status of any kind of currency, including in this case the legality and status of Digital Rupiah, even though the status of a kind of currency such as Digital Rupiah has not been regulated or ordered in law, but because the kind of currency is issued by Bank Indonesia, it should be accepted and valid as legal tender.

The above view can be used as a way out or solution to help the juridical (dogmatic) understanding, that as a currency and legal tender, Rupiah currency in general, including in this case Digital Rupiah, must be accepted in every payment transaction and fulfilment of obligations. Such a view is put forward to overcome the "impasse" of legalism, that the status of a currency as a currency and legal tender, especially in this case the status of Rupiah Digital still needs a stronger foundation, especially to address the various uses cases of the Web 3.0 ecosystem including DeFi and Metaverse. Moreover, in general, at this time, the constraints on the status or legality of Rupiah as legal tender under the Currency Law are only attached to banknotes and coins. It is therefore correct that there is no need to be overly concerned, as the view expressed in the Bank Indonesia White Paper above, that the Currency Law is not very clear or solid in supporting the status of the Digital Rupiah as legal tender, even though Rupiah, which is still limited to the understanding of Paper Rupiah and Metal Rupiah, cannot in principle be used in the Web 3.0 ecosystem.

It can be seen here that even though it seems as if Law No. 7/2011 on Currency is in a state of frustration facing the development of the digital world and modern telecommunications, with a study based on the theory of Dignified Justice, as stated above, the laws and regulations governing the legality and legal tender status of Digital Rupiah have been able to adjust to the demands of the times.

This means that there is no longer any need to worry, as the Dutch sometimes say, describing the state of legal frustration that the Currency Law has experienced, with the mocking expression: "*het recht hink achter de feiten aan*". That the Currency Law as a derivative product of Article 23B of the 1945 Constitution of the Republic of Indonesia and further up vertically is also a derivation of Pancasila as the source of all sources of law, must not become a legal product that seems to be affected by the "sap" or outdated stigma, or

problematic because there is uncertainty or absence of legal arrangements governing the legality and legal tender status of Digital Rupiah.

The authors argue that in the Pancasila Legal System is almost impossible to lose sovereignty, concerning the regulation of the legality and legal tender status of the Digital Rupiah. This is because, based on the direction in the theory of Dignified Justice[13][14][15] which adheres to the postulate that Pancasila is the source of all sources of law, and thus there can be no law (*rechtsvacuum*) in the Pancasila Legal System, thinking can be navigated towards the formation of a solid legal framework in Indonesia that regulates and provides juridical justification for the initiative to issue and enforce Digital Rupiah.

The description of the research results above shows the state of the art or novelty and originality of this research. In addition, the novelty of this research may also be seen more clearly when paying attention to the comparison between the research conducted by these authors and several previous studies. Some previous studies that the authors need to mention here include research conducted by W. Y. Santoso, A. A. Putra, L. Susanti, & F. Rahman. (2023). The research by W. Y. Santoso et. al. was titled "Design Elements and Risks of Central Bank Digital Currency in Tailoring a Prudent 'Digital Rupiah'. The study offers an interesting conclusion after the researchers explored the legal and regulatory challenges associated with the implementation of central bank digital currency (CBDC) in Indonesia, which they also refer to as "Digital Rupiah". [16]

One key issue discussed in the research article is the legal status of CBDCs. The research by W. Y. Santoso et. al. above only highlights that the existing legal framework in Indonesia does not explicitly include digital currency in the definition of currency. Thus, it can be stated here that the difference between the research conducted by W. Y. Santoso et al. and the research conducted by the authors lies in the argument, based on the theory of Dignified Justice that currently, in Indonesia, with the existence of the Law-P2SK, there is a comprehensive legal framework that supports the initiative or plan to issue and use Digital Rupiah.

Further previous research was conducted by As-Salafiyah, et al titled "Central Bank Digital Currency (CBDC): A Sentiment Analysis and Legal Perspective". The research conducted by As-Salafiyah, can also be seen as previous research that is different from the research conducted by the authors. In the article written by As-Salafiyah et. al., the perception of existing literature regarding CBDC from a legal perspective is reviewed. The study analyzed the sentiment of 50 papers published by Scopus-indexed journals until December 12, 2022. The data was then processed using SentiStrength software. [17]

The results showed that the dominant sentiment was neutral (44%), followed by positive sentiment (30%), and then negative sentiment (26%) in support of plans to issue and use CBDCs in many countries. The difference between As-Salafiyah, A. et. al.'s research and the research conducted by the authors lies in the object of investigation, which includes countries that have used and are planning to issue CBDCs. As seen in the description of the research in this article, the authors emphasize the legal regulation of Indonesian CBDC, and in this case, it is then called the Digital Rupiah law.

The sentiment analysis above provides an overview that can serve as basic research on CBDC. Although the article above only provides some recommendations regarding the legal aspects of CBDC implementation, it does not discuss specifically how the implementation of CBDC will impact social justice or how the principles of Dignified Justice. Therefore, it can be said that As-Salafiyah et. al's article is still not very in-depth in analyzing the aspects of dignified justice in the implementation of the Digital Rupiah.

3.3 The P2SK Law and Pancasila values is coherently integrated

The novelty of this research is the use of the Dignified Justice theory approach as a philosophical juridical and sociological foundation in navigating the analysis or discussion and formulation of the legal framework of Digital Rupiah so that the legal framework follows the values of Pancasila and the interests of Indonesian society. Thus, it can be stated here that juridically, a solid and in-depth legal framework has been obtained concerning the legal and regulatory aspects of Digital Rupiah. Juridically, the unique characteristics of digital currency and the specific legal needs in Indonesia have received a strong legal foundation, as they are regulated by law, such as the P2SK Law, which is certainly must be based on Pancasila.

The results of data collection or primary legal materials conducted in the research conducted by the authors, as stated above, also need to be complemented by raising an important note here. The sixth section of Law No. 4 of 2023 on Financial Sector Development and Strengthening (UU-P2SK or P2SK Law) already contains the formulation of a special regulation on a type of currency, referred to as Digital Rupiah. Currently, in the authors' understanding, UU-P2SK is the only law in which the regulation on digital currency is known, which was passed in Jakarta on January 12, 2023, by the President and also promulgated in Jakarta on the same date by the Minister of State Secretary of the Republic of Indonesia and included in the State Gazette of the Republic of Indonesia Year 2023 Number 4, Supplement to the State Gazette of the Republic of Indonesia No. 6845.

As stated in the Explanation, UU-P2SK is a law whose establishment is related to the development and strengthening of the financial sector, which is expected to make a positive contribution and support inclusive and sustainable economic growth towards a prosperous, advanced, dignified, and trusted Indonesia.

Article 10 of UU-P2SK is a legal provision that can be referred to as the first juridical premise of Digital Rupiah. Historically, the existence of the juridical premise of the type of currency or the Digital Rupiah occurred because there were changes to several provisions of Law Number 7 of 2011 concerning Currency (State Gazette of the Republic of Indonesia of 2011 Number 64, Supplement to State Gazette of the Republic of Indonesia Number 5223). One provision of the Currency Law that is amended by the UU-P2SK is the provision of Article 2 of Law No. 7 of 2011.

In UU-P2SK or P2SK Law, the provisions of Article 2 of the Currency Law have been amended into several paragraphs. Paragraph (1) states the same principle as the constitution, that the currency of the Unitary State of the Republic of Indonesia is the Rupiah. Meanwhile, in paragraph (2) of the formulation of the P2SK Law, three kinds of currencies are stated, which originally in the Currency Law only recognized two kinds. Article 2 paragraph (2) of the P2SK Law states that the types of Rupiah consist of paper Rupiah, metal Rupiah, and digital Rupiah. In paragraph (3), it is stated that Rupiah, whether it is paper Rupiah, metal Rupiah, or digital Rupiah, is symbolized by an abbreviation "Rp".

A more complete meaning for the Digital Rupiah is also added in UU-P2SK. For example, the management of Digital Rupiah, which is regulated in Article 14A of UU-P2SK. In the formulation of this provision, in addition to the juridical recognition of the existence of Digital Rupiah in Article 2 paragraph (2). It is also stated in Article 14A paragraph (1) of P2SK Law that the management of Digital Rupiah includes planning, issuance, distribution, and administration.

In paragraph (2) it is formulated that Bank Indonesia is the only institution authorized to manage Digital Rupiah. In paragraph (3) it is stipulated that the management of the Digital Rupiah must pay attention to the following aspects: a. the provision of Digital Rupiah as a legal tender in the Unitary State of the Republic of Indonesia; b. the effectiveness of the Bank Indonesia's duties in maintaining monetary stability, payment systems, and the Financial System; c. support for technological innovation and digital economic and financial inclusion; d. development of a nationally integrated digital economy and finance; and e. utilization of

digital technology that can guarantee the security of data and information systems and the protection of personal data. In paragraph (4), it is stipulated that in conducting Digital Rupiah planning, Bank Indonesia shall coordinate with the Government. Furthermore, paragraph (5) stipulates that further provisions regarding the issuance of Digital Rupiah shall be regulated in a Bank Indonesia Regulation.

The elucidation of Article 10 of the P2SK Law which amends by adding to the formulation of Article 2 paragraph (2) of Law Number 7 Year 2011 on Currency as stated above contains the formulation of the provision that what is meant by Digital Rupiah is Rupiah in digital form and is issued by Bank Indonesia, making it as a monetary obligation of Bank Indonesia. Digital Rupiah has the same function as Paper Rupiah and Metal Rupiah. Both Digital Rupiah, Paper Rupiah, and Metal Rupiah are legal tender in the territory of the Unitary State of the Republic of Indonesia, medium of exchange, and store of value.

4 Conclusion

The development of digital technology has led to innovations in the form of digital currencies, including the planned issuance and use of Digital Rupiah in Indonesia. Fundamental issues related to the legal status of Digital Rupiah in the national legal framework, such as the solidity of the status of Digital Rupiah as legal tender, have been resolved by the existence of P2SK Law. In addition to the lessons learned from the experiences of other civilized countries found in the comparative study, UU-P2SK can be used to address the existing legal regulatory gaps related to Digital Rupiah. In addition, it is in line with the function of UU-P2SK to develop and strengthen the financial sector to make a positive contribution and support inclusive and sustainable economic growth towards a prosperous, advanced, dignified, and trusted Indonesia.

Although explicitly, there is no legal provision in Article 23B of the 1945 Constitution that recognizes the existence or status of Digital Rupiah as a legal tender in addition to Paper and Metal Rupiah, UU-P2SK can be used as a juridical support in strengthening the solidity of the existence, juridical status and use of Digital Rupiah. With a clear legal foundation, such as the support of UU-P2SK to existing foundations such as the Constitution and the Currency Law, the plan to issue Digital Rupiah will have solid legal force.

If in the end Digital Rupiah is used, the existing legal regulations can also be used in protecting the rights of consumers who use it. Included in the protection aspects are guarantees of transaction security, personal data protection, and dispute resolution. Legal clarity will encourage innovation and wider adoption of Rupiah Digital, which in turn can improve the efficiency of the payment system, promote financial inclusion, and contribute to national economic growth. It should also be stated here that there is still legal sovereignty in Indonesia in regulating digital currencies. Based on the ideas in the Dignified Justice theory, the authors argue that there is already a comprehensive and solid legal framework for the planned issuance and use of Digital Rupiah. This research is expected to make a significant contribution to the development of regulations and policies related to digital currencies in Indonesia, which is developing a central bank digital currency (CBDC).

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