# THE IMPACT OF CRYPTOCURRENCY RETURNS ON THE EXCHANGE RATE OF A COUNTRY AND STOCK INDICES: EVIDENCE FROM INDONESIA

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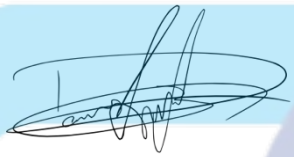
## STATEMENT BY THE AUTHOR

I hereby declare that this submission is my own work and to the best of my knowledge, it contains no material previously published or written by another person, nor material which to a substantial extent has been accepted for the award of any other degree or diploma at any educational institution, except where due acknowledgement is made in the thesis.



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## ABSTRACT

THE IMPACT OF CRYPTOCURRENCY RETURNS ON THE EXCHANGE RATE OF A COUNTRY AND STOCK INDICES: EVIDENCE FROM INDONESIA

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Cryptocurrencies have been gaining popularity over the years. In Indonesia, the number of investors using cryptocurrencies are steadily increasing. Especially since the legalization of cryptocurrencies as an investment in Indonesia on 2018. This study aims to find the relationships between cryptocurrency returns and the exchange rate as well as the Indonesian composite stock index returns. This research employs a granger causality analysis alongside a linear regression model to analyze the findings. The results of the analysis show that despite the increasing popularity and usage of cryptocurrencies, in Indonesia, there appears to be no prevalent effects of them on exchange rate or the composite index returns. Due to the fact that legalization in Indonesia still does not acknowledge cryptocurrencies as a transaction method, there is no impact seen on the exchange rate and stock index returns, as it does not cause disturbance to the monetary value of the Rupiah.

*Keywords: Cryptocurrency, Exchange Rate, Stock Index Returns, Cryptocurrency Returns*

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## DEDICATION

I dedicate this work to my Mother and the rest of my family and to all of my friends that has supported and aided me through this journey.

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STATEMENT BY THE AUTHOR ..... 2
ABSTRACT ..... 3
DEDICATION ..... 5
ACKNOWLEDGEMENTS ..... 6

CHAPTER 1 - INTRODUCTION ..... 12
1.1 Background ..... 12
1.2 Research Problems ..... 16
1.3 Research Questions ..... 17
1.4 Research Objectives ..... 17
1.5 Scope and Limitations ..... 17
1.6 Significance of Study ..... 17

CHAPTER 2 - LITERATURE REVIEW ..... 18
2.1 Framework of Thinking ..... 18
2.2 Conceptual Framework ..... 19
2.2.1 Cryptocurrencies ..... 19
2.2.2 Inflation Rate ..... 21
2.2.3 Exchange Rate ..... 21
2.2.4 IDX Composite Index (IHSG) ..... 21
2.3 Previous Studies ..... 22
2.4 Study Differences ..... 29
2.5 Hypothesis ..... 32

CHAPTER 3 - RESEARCH METHODS ..... 33
3.1 Research Process ..... 33
3.2 Theoretical Framework ..... 34
3.3 Research Design ..... 34
3.3.1 Type of Study ..... 35
3.3.2 Research Strategy ..... 35
3.3.3 Unit of Analysis ..... 36
3.3.4 Study Setting ..... 36
3.3.5 Time Horizon ..... 36
3.3.6 Data Source & Collection Method ..... 36
3.3.6.1 Data Source ..... 36
3.3.6.2 Data Collection Method ..... 37
3.3.7 Data Analysis ..... 37
3.3.7.1 Time Series Data ..... 37

3.3.7.2 Model Testing ..... 37
3.3.7.3 Outliers ..... 38
3.3.7.4 Multicollinearity ..... 38
3.3.7.5 Stationary Test ..... 38
3.3.7.6 Granger Causality Analysis ..... 38
3.4 Sample Data ..... 39
3.5 Variable Operationalization ..... 39
3.6 Research Model ..... 40

CHAPTER 4 - RESULTS AND DISCUSSION ..... 41
4.1 Industry Profile ..... 41
4.2 Data Processing ..... 41
4.3 Descriptive Statistics ..... 42
4.4 Stationary Tests ..... 43
4.5 Multicollinearity test ..... 43
4.6 Granger Causality Analysis ..... 45
4.7 Regression Results ..... 46
4.7.1 Model 1 Regression Result ..... 46
4.7.2 Model 2 Regression Result ..... 49
4.8 Discussion ..... 51

CHAPTER 5 - CONCLUSION AND RECOMMENDATION ..... 56
5.1 Conclusion ..... 56
5.2 Recommendations ..... 57
REFERENCES ..... 59
APPENDICES ..... 64
CURRICULUM VITAE ..... 70

## List of Tables

Table 2. 1: Previous Studies..... 23

Table 3. 1: Research Design ..... 34
Table 3. 2: Variable Operationalization ..... 39

Table 4. 1: Descriptive Statistics..... 42
Table 4. 2: Augmented Dickey Fuller Test Results ..... 43
Table 4. 3 Multicollinearity ..... 43
Table 4. 4: Granger Causality Analysis..... 45
Table 4. 5: Model 1 Regression ..... 47
Table 4. 6: Model 2 Regression ..... 49
Table 4. 7: Hypothesis..... 51

**List of Figures**

Figure 1. 1: Number of Cryptocurrency Investors in Indonesia ..... 15

Figure 2. 1: Market Capitalization of Top 7 Cryptocurrencies (As of March 31 2021) ..... 20

Figure 3. 1: Research Process .....33
Figure 3. 2: Theoretical Framework.....34

Figure 4. 1: Weekly Bitcoin Prices ..... 53
Figure 4. 2: Weekly Ethereum Prices..... 54
Figure 4. 3: IHSG Prices..... 54

## List of Appendices

Appendix 1: Descriptive Statistics ..... 64
Appendix 2: Correlations ..... 64
Appendix 3: Augmented Dickey Fuller Unit Root Tests ..... 64
Appendix 4: Granger Causality ..... 68
Appendix 5: Regression Results ..... 69