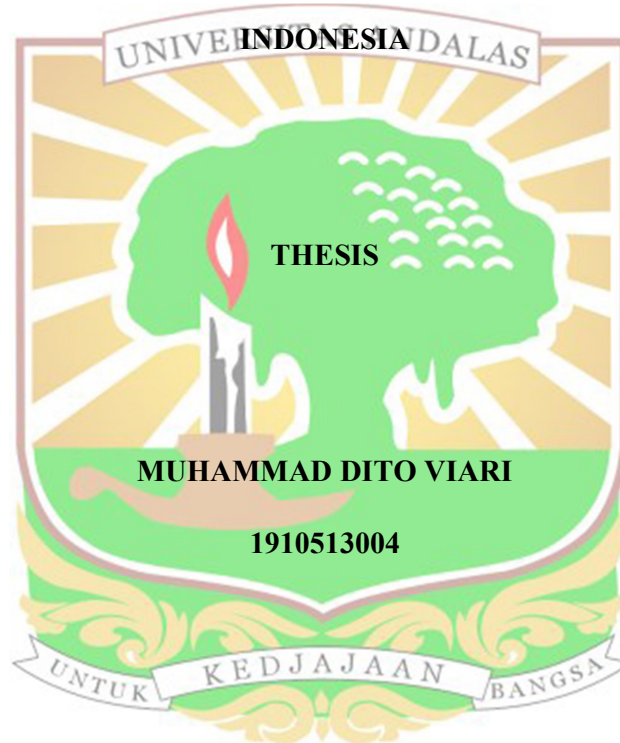




**UNIVERSITAS ANDALAS**

**THE EFFECT OF BITCOIN VOLATILITY ON EXCHANGE RATE IN**



**Advisor : Yessy Andriani, SE, M.IDEC**

**FACULTY OF ECONOMICS AND BUSINESS**

**DEPARTMENT OF ECONOMICS**

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# THE EFFECT OF BITCOIN VOLATILITY ON EXCHANGE RATE IN INDONESIA

by

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## ABSTRACT

The development of global financial technology has presented Bitcoin as a digital asset with high price volatility. This situation has raised concerns about its potential impact on the economy, particularly the Rupiah (IDR) exchange rate against the United States Dollar (USD). This study aims to analyze the effect of Bitcoin volatility on the Rupiah exchange rate in Indonesia by considering other macroeconomic variables, namely interest rates and inflation, as measured by the Consumer Price Index (CPI). This study uses time series data from 2015–2024 using the Autoregressive Distributed Lag (ARDL) analysis method to examine both short-term and long-term relationships. The results show that Bitcoin volatility significantly influences the Rupiah exchange rate in the short term, while interest rates and inflation also contribute to Rupiah exchange rate fluctuations. These findings indicate that Bitcoin volatility is an external factor that needs to be considered in maintaining Rupiah exchange rate stability. Therefore, this study is expected to provide input for the government, monetary authorities, investors, and academics in formulating policy strategies and making decisions related to the development of crypto assets in Indonesia.

**Keywords: Bitcoin Volatility, Rupiah Exchange Rate, Interest Rate, Inflation, ARDL**

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