BAB V

CONCLUSION AND SUGGESTIONS

5.1 Conclusion

The purpose of this study is to use the Autoregressive Distributed Lag (ARDL) technique to examine how interest rates, inflation, and the volatility of bitcoin prices affect the Rupiah's exchange rate against the US dollar (IDR/USD). During the January 2015–December 2024 observation period, the short-term and long-term relationships between variables were analyzed.

The following are some conclusions that can be made in light of the data analysis and discussion that have been conducted:

- In the short term, the price of bitcoin has a big impact on the Rupiah exchange rate, but not in the long run. However, the relationship's positive direction suggests a tendency for the Rupiah exchange rate to rise in tandem with an increase in the volatility of the bitcoin price. This illustrates how bitcoin may play a part in Indonesia's foreign exchange market dynamics, even though it hasn't had a big impact in the long run.

- Both in the short and long term, interest rates significantly and favorably impact the exchange rate. This demonstrates how rising domestic interest rates promote the Rupiah's appreciation in relation to the US dollar. The interest rate parity theory, which holds that higher domestic interest rates will draw capital inflows and fortify the exchange rate, is supported by this result.

- The consumer price index (CPI), which measures inflation, has a major short-term impact on the exchange rate but no long-term effect. The short-term negative direction of the coefficient shows that an increase in inflation is followed by a depreciation of the Rupiah exchange rate, while the long-term positive direction of the coefficient shows that an increase in inflation is followed by a depreciation of the Rupiah. This is typically due

to Bank Indonesia's response, which raises interest rates to curb inflation, attracting foreign capital inflows and increasing demand for the Rupiah.

- There is an adjustment process from short-term imbalance to long-term equilibrium, as indicated by the Error Correction Term (ECT) coefficient in the ECM model, which displays a negative and significant value. This demonstrates the validity of the ARDL model in explaining the dynamic relationship between variables in this study.

All things considered, this study shows that the interest rate variable plays a significant role in influencing the Rupiah exchange rate both in the short and long term. Bitcoin's role in the digital economy merits more attention, even though it hasn't demonstrated a significant impact in the long run but has had a significant impact in the short term.

5.2 Suggestions

Based on the research findings and conclusions obtained, the author makes the following suggestions:

- Although Bitcoin's impact on the exchange rate is currently negligible in the long run, it has a major short-term impact, so the government and Bank Indonesia should continue to keep an eye on how the cryptocurrency market is developing. The stability of the national financial and monetary system depends on responsive regulation and adaptive supervision of crypto dynamics.

- The findings of this study can be used by investors and market participants to inform the creation of investment plans that consider macroeconomic variables like interest rates and the possible impact of digital assets like bitcoin on changes in exchange rates.

- For academics and further researchers, it is recommended to add external variables such as the global uncertainty index, foreign capital flows, or other international financial indicators. A more comprehensive approach

can provide a broader understanding of exchange rate dynamics, especially in the context of digital and global economic integration.

- For the general public, it is important to improve financial literacy, especially in understanding the characteristics of digital asset-based investments. Although it offers profit opportunities, the high volatility of bitcoin can be a significant risk that needs to be considered carefully before making financial decisions.