



INDONESIA ON-CHAIN FUND FLOW AND RISK ANALYSIS REPORT

**Unveiling Opportunities and Challenges
in the Crypto Market**

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Executive Summary



Driven by the continuous rise in global crypto asset penetration and the explosive growth of the user base in Southeast Asia, Indonesia, with its youthful population structure and rapidly evolving digital financial infrastructure, is becoming a key growth hub in the Asia-Pacific crypto ecosystem.

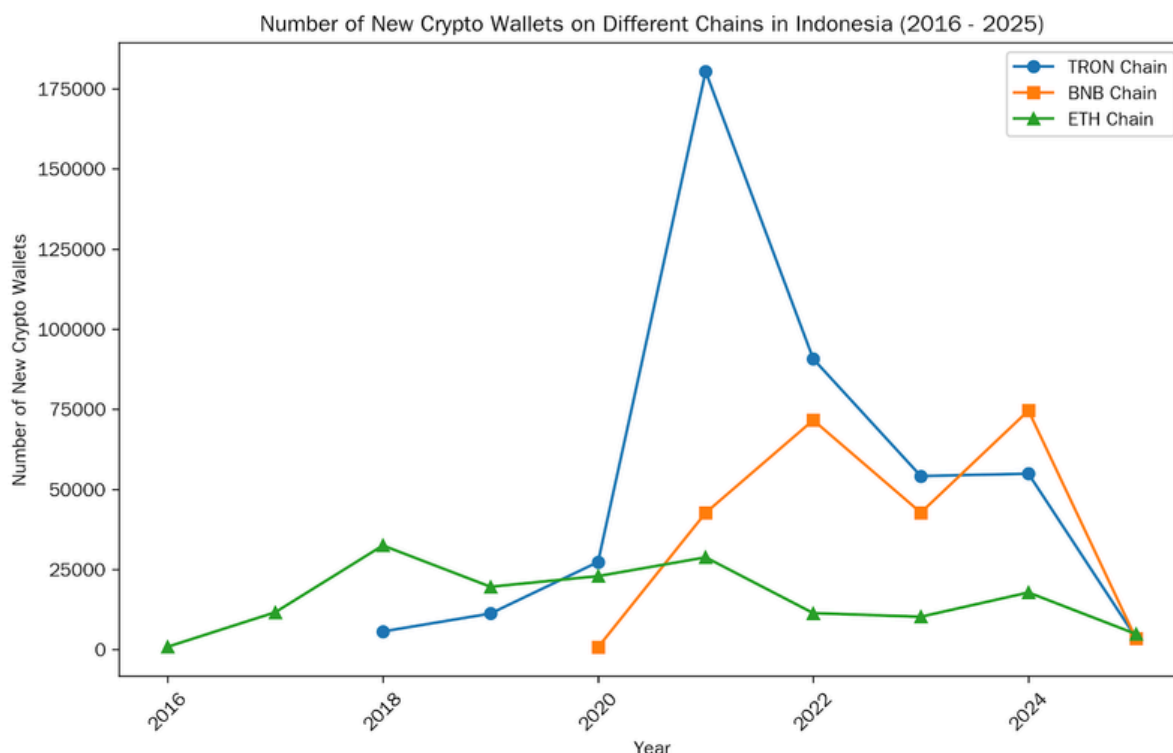
This study is based on a randomly sampled dataset of on-chain addresses in Indonesia spanning from 2017 to 2025 (including over 20,000 on-chain wallet addresses and 800,000 exchange deposit addresses). It focuses on two major risk dimensions: black and gray industry fund flows and transactions linked to sanctioned platforms, deconstructing the compliance progress and potential risk exposures of the country's crypto market.

The research finds that the number of new users for ETH, TRON, and other chains initially increased and then declined, with the trading market user base stabilizing. Among black and gray industry risk funds, gambling-related funds are highly active, posing money laundering risks. Other types of funds, although smaller in scale, are more challenging to regulate. Sanctioned platforms show high participation in risk funds, with active transaction volumes and potential for regulatory evasion, though their impact on overall exchange fund inflows remains relatively limited.

Overview of Indonesia's Cryptocurrency Market

(1) User Growth: From Surge to Stability, ETH and TRON's "Relay Race"

In recent years, the number of users in Indonesia's cryptocurrency market has experienced explosive growth. To thoroughly analyze the trading market in the region, Beosin uses initial transaction fees as a proxy for new user numbers, reflecting changes in the user market over the past nine years.



By comparing data from the ETH and TRON chains, the following characteristics emerge:

ETH Chain

From 2017 to 2020, the number of new users on the ETH chain showed a significant upward trend, with most users first encountering blockchain through ETH. However, after 2020, the growth rate of new ETH chain users began to slow.

TRON Chain

The number of new users on the TRON chain lagged behind the ETH chain by about a year, with a sharp increase in 2021, contrasting with the slowdown in ETH chain growth. However, after 2021, the growth of new TRON chain users also slowed, though the overall numbers remained higher than those of the ETH chain.

Indonesian government's policy stance on cryptocurrencies has significantly influenced user growth. In the early stages of the market, relatively lenient policies attracted a large number of investors. However, as the market developed, financial risks and regulatory challenges became more apparent, leading to the introduction of restrictive policies such as stricter investor qualification checks, which in turn slowed the growth of new users.

The regulatory policies of the Indonesian government have undergone significant changes in recent years. Particularly in 2024, the Financial Services Authority of Indonesia (OJK) and the Commodity Futures Trading Regulatory Agency (Bappebti) introduced a series of new regulations aimed at strengthening the standardized development of the crypto market. In June 2024, OJK issued the Regulation on Technological Innovation in the Financial Sector (POJK 3/2024), which, for the first time, introduced a sandbox mechanism in Indonesia. This sandbox framework covers multiple aspects of blockchain technology, including but not limited to virtual asset services, stablecoins, staking, and more. Companies can conduct one-year testing within the sandbox, and upon meeting the requirements after the testing period, they can obtain full regulatory licenses. The sandbox not only provides a testing environment for innovative projects but also ensures consumer protection, preventing unverified technologies from negatively impacting the market.

On January 10, 2025, the Financial Services Authority of Indonesia (OJK) took over the regulation of cryptocurrencies from the Commodity Futures Trading Regulatory Agency (Bappebti). As part of its transition to regulate the industry, OJK developed a three-phase transition plan to ensure a smooth handover of responsibilities from the Commodity Futures Trading Regulatory Agency (CoFTRA/Bappebti).

The first phase focused on adopting existing CoFTRA regulations and improving them to align with international best practices in the financial services sector, ensuring a "soft landing" during the transition period to maintain stability and continuity. Subsequent phases will strengthen the regulatory framework and support the long-term development and innovation of the industry.

The new regulations aim to ensure that digital financial asset trading is conducted in an orderly, fair, transparent, and efficient manner. They emphasize the importance of strong governance, risk management, market integrity, and consumer protection. As the government's regulatory policies continue to improve, Indonesia's crypto market is rapidly growing, becoming a key player in the global Web3 and digital asset space.

(2) Trading Landscape: USDT Dominates, TRX Follows Closely

Based on Beosin's cross-analysis of mainstream cryptocurrencies and transaction volumes in Indonesia, USDT maintains high activity in both inbound and outbound transactions, likely due to its widespread use in hedging market volatility and facilitating conversions between fiat and cryptocurrencies. TRX also shows high activity in transaction volumes, indicating a broad user base and high market recognition in Indonesia.

BNB

Leads in outbound transaction volumes, possibly due to its ecosystem advantages (e.g., fee discounts) attracting investors for cross-border transactions.

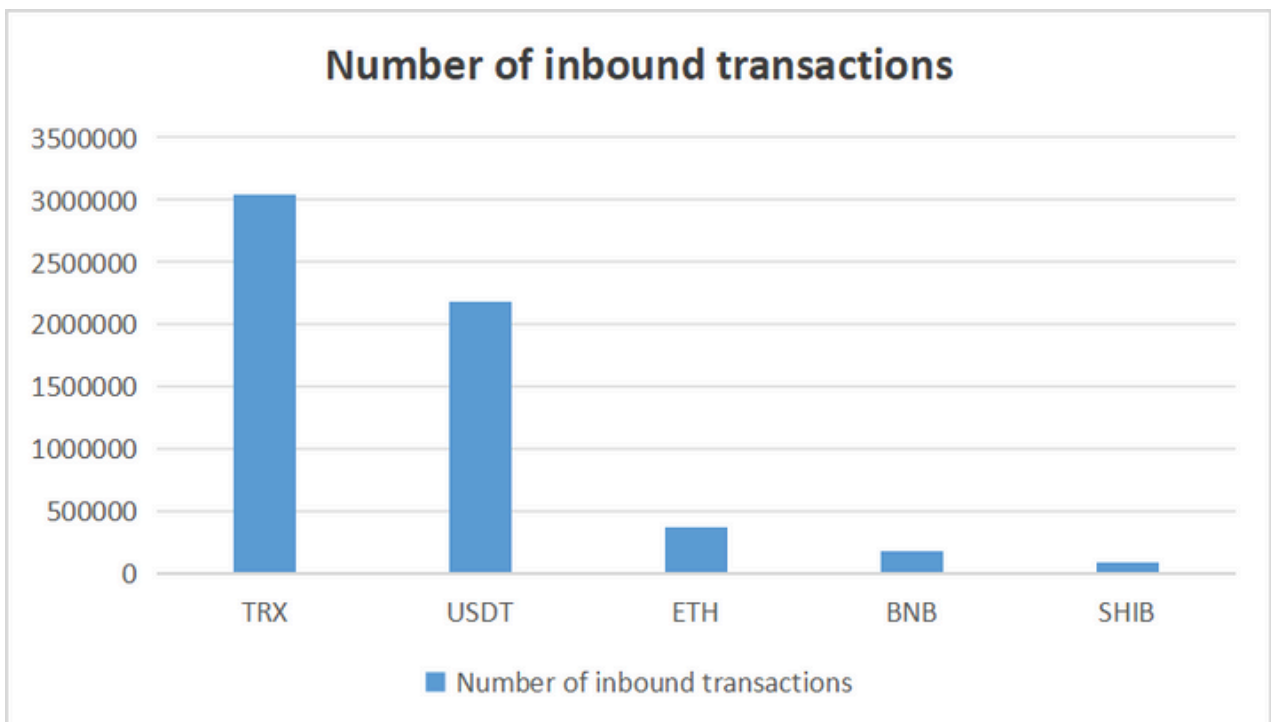
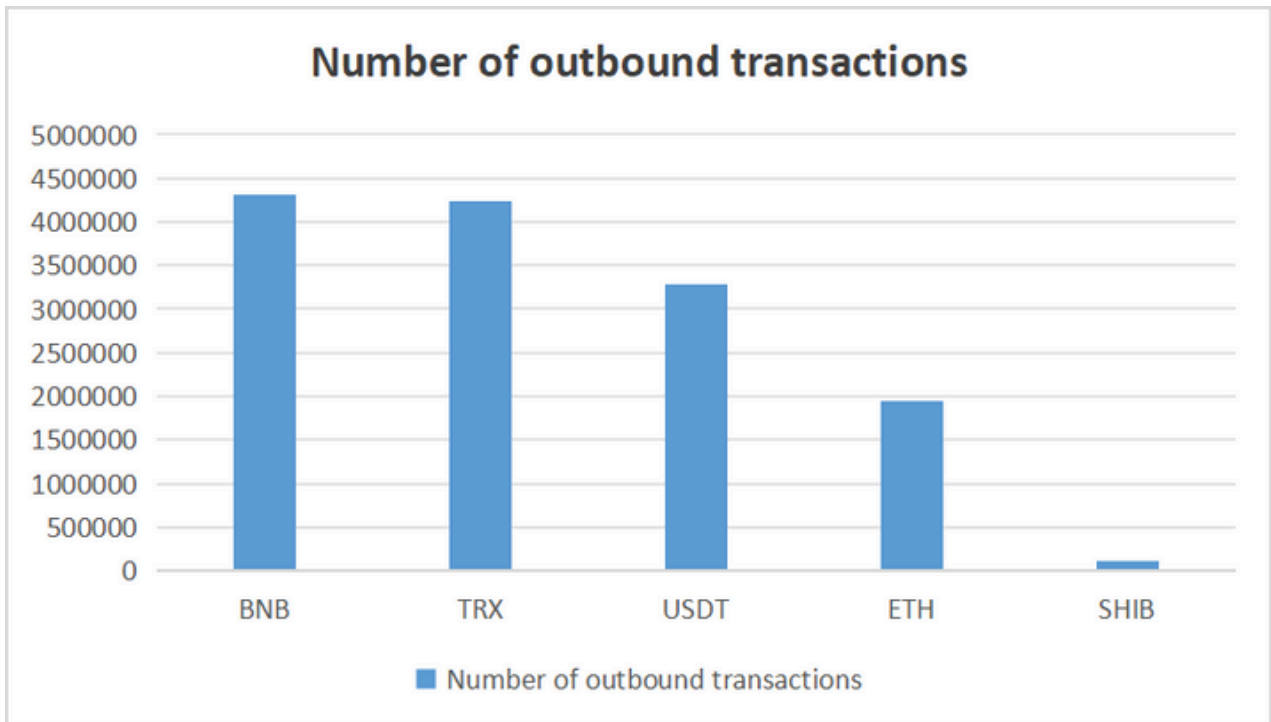
ETH

Despite being a globally renowned cryptocurrency, ETH's transaction volume in Indonesia is relatively low, potentially due to lagging local development of smart contract applications.

SHIB

Shows extremely low transaction volumes, indicating limited market acceptance in Indonesia and an underdeveloped trading ecosystem.

Overall, Indonesia's cryptocurrency trading market is dominated by USDT and TRX, with the activity levels of different cryptocurrencies reflecting their popularity and application scenarios in the local market.



(3) Regulatory Environment: Policy Adjustments and Market Growth

In July 2023, Indonesia launched Tokocrypto, the world's first state-supported cryptocurrency exchange. In 2024, the Indonesian Commodity Futures Trading Regulatory Agency considered halving investors' tax burdens to stimulate market growth. However, the rapid evolution of the cryptocurrency market makes it difficult for existing regulatory policies to fully adapt, and frequent policy adjustments have introduced uncertainty for market participants.

Against the backdrop of rapid user growth, the risks associated with black and gray industry fund flows and inflows from sanctioned platforms have also increased, necessitating stronger regulatory and technical safeguards.

On-Chain Fund Flow and Risk Analysis

(1) Risk Fund Overview: Over \$100 Million Involved in High-Risk Transactions

In this analysis of over 20,000 on-chain address samples, more than \$100 million was involved in high-risk entity transactions. Beosin categorizes addresses closely related to black and gray industries into 3 major groups and 44 subcategories, primarily involving the following high-risk categories:

Gambling	The largest single category of risk funds
Scam	Includes fake investments, Ponzi schemes, pig-butchering scams, and phishing scams
Blacklist	Includes USDT frozen blacklists, and unfrozen blacklists
Underground Bank	Money laundering platforms
Sactions	FATF-sanctioned regions and OFAC-sanctioned entities These risk addresses involve over 50 specific black and gray industry entities, highlighting the severe risk challenges faced by Indonesia's cryptocurrency market despite its rapid development.

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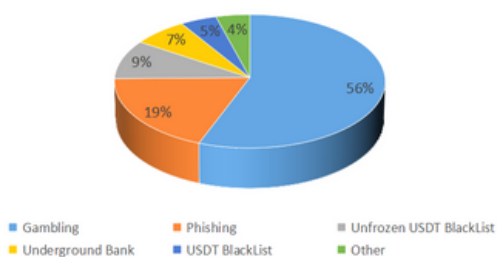
(2) Inbound Risk Analysis: Gambling Funds Dominate

IBeosin's analysis of 32 high-risk entities' inbound funds shows that risk fund transactions reached 5,557 times, with a total value exceeding 40million and an average transaction amount of over40 million and an average transaction amount of over 7,000, involving 2.4% of the sample addresses. Among these, gambling-related funds dominate, accounting for 56% of the total transaction value and 72% of the total transaction volume.

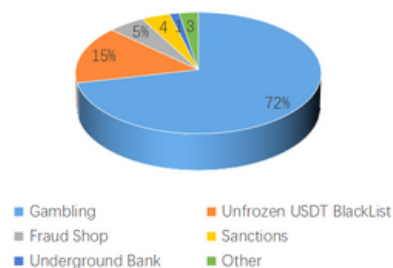
Additionally, over \$4.4 million originated from OFAC-sanctioned platforms and underground banks, potentially using Indonesian exchanges for mixing or laundering, further complicating fund tracking and increasing regulatory risks.

Risk	Amount(\$)
Gambling	23,263,253.64
Phishing	7,902,308.289
Unfrozen USDT BlackList	3,964,770.063
Underground Bank	2,869,536.7
USDT BlackList	1,915,668.67

Amount of inbound transactions from risky entities



Number of inbound transactions from risky entities



(3) Outbound Risk Analysis: Gambling And Scams as Major Concerns

Beosin's analysis of 49 high-risk entities' outbound funds reveals that risk fund transactions exceeded 33,000 times, with a total value surpassing 96million and an average transaction amount of over 96 million and an average transaction amount of over 2,900, involving 2.6% of the sample addresses. Key findings include:

Gambling Platforms and Underground Banks

Over \$71 million flowed into these entities, representing the primary outbound direction.

Phishing Addresses

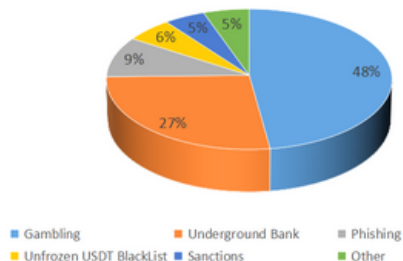
Over 9 million flowed into phishing addresses, with an average transaction amount exceeding 9 million flowed into phishing addresses, with an average transaction amount exceeding 8,000, indicating significant investor losses due to scams.

Sanctioned Entities

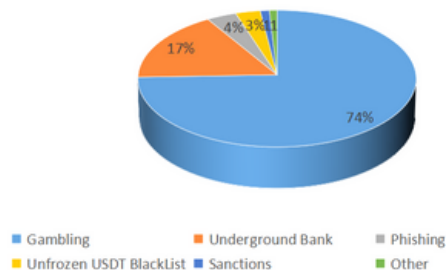
Nearly \$5 million flowed into OFAC and FATF-sanctioned entities, posing high risks.

Risk	Amount(\$)
Gambling	46,098,797.52
Underground Bank	25,940,818.48
Phishing Scam	9,035,493.357
Unfrozen USDT BlackList	5,389,596.713
Sanctions	4,722,742.429

Amount of outbound transactions to risky entities



Number of outbound transactions to risky entities



Conclusions

Risks from Black and Gray Funds and Sanctioned Platforms

1. Active Gambling Funds:

Nearly \$50 million flowed directly into gambling platforms, with over 24,000 transactions. The anonymity of cryptocurrency transactions and the complexity of blockchain technology make it difficult to track these funds, which may be mixed with legitimate funds and diverted to illegal activities.



2. Risks from Sanctioned Platforms:

Transactions linked to sanctioned platforms reached nearly 600 times, with a total value exceeding \$5.6 million and involving nearly 200 addresses. Users risk financial losses and legal consequences if their funds flow into sanctioned platforms.





Recommendations

Strengthening Regulatory Frameworks and Technical Capabilities

1. Optimizing Policies and Regulations

Develop comprehensive regulatory frameworks to define legal boundaries for cryptocurrency transactions and impose strict penalties for black and gray industry activities and transactions linked to sanctioned platforms.

2. Enhancing Inter-Agency Collaboration

Establish a multi-departmental regulatory mechanism to promote information sharing and joint actions, improving regulatory efficiency.

3. Leveraging Blockchain Analytics

Invest in advanced blockchain data analysis tools and cultivate technical expertise. Use big data, AI, and machine learning to monitor transactions in real time, identify abnormal patterns, and issue risk warnings.

4. Promoting Regulatory Sandboxes

Encourage blockchain and fintech companies to test innovative solutions in controlled environments, balancing innovation with risk mitigation.

As the global cryptocurrency market continues to evolve, Indonesia's regulatory experiences and challenges will serve as an important reference for other countries.

WEB SECURITY & COMPLIANCE

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