



*Tokocrypto, an Indonesian affiliate of Binance, has a large presence in Bali.*

## DIGITAL JOURNEYS

# BALI'S CRYPTO SUMMER ENDS

The Indonesian island became a base for crypto entrepreneurs, but few priced in the crypto winter

Harry Jacques

**A** short stroll from a clutch of Balinese beach clubs a group of blockchain professionals mingles poolside in a villa owned by a swimwear entrepreneur. Millennial enthusiasts and more seasoned finance professionals take turns staking chips on village-fete-style games set up in the garden around frangipani trees and an open bar.

The event in May was thrown by a Singapore-based finance firm in Bali to mark the launch of its ESG—environmental, social, and governance—“legacy token.” The company, which holds concession rights to an estimated 150,000 troy ounces of gold beneath a forest in Ontario, Canada, has proposed the token as an innovative mechanism to leave the gold unmined.

Energetic ideas founded on blockchain technology sprang up quickly around Canggu, Seminyak, and

other districts in Bali—flush with remote workers as pandemic restrictions eased halfway through 2022.

Many cryptocurrency speculators with an instinct for arbitrage were drawn to the possibilities of Bali's crypto summer, with high-end amenities at far lower cost than in San Francisco or Singapore.

“You can have the quality of life in Bali while earning the salary of a Western country,” said Paul, 19, a self-taught developer, who arrived in Bali to spend one month remotely coding a blockchain platform for a retailer in Paris.

Few appeared to have priced in the emergence of a crypto winter—Bitcoin fell from an all-time-high above \$68,000 in November 2021 to below \$20,000 in June as some exchanges paused withdrawals and alternative assets collapsed.

Like Paul, many new arrivals find a network a stone's throw from the beach at T-Hub, a coworking space operated by Tokocrypto, an Indonesian affiliate of Binance, the world's largest crypto exchange.

"There are people who are not in the mood to talk about crypto," said Antria Pansy, who runs community engagement for Tokocrypto in Bali. "But there have been winters in the past."

Tokocrypto claims to have tens of thousands of registered users in Bali, an order of magnitude increase over just one year. Pansy said this breakneck growth could be the result of tens of thousands of newly unemployed tourism workers searching for income during the pandemic and of media coverage of cryptocurrencies in Indonesia that began a couple of years ago.

## Silicon Bali

At discussion groups in July attendees pondered the emergence of "Silicon Bali" for crypto and blockchain and brainstormed how best to link foreign visitors with Indonesian talent.

An event that month packed about 30 people into T-Hub. Aaron Penalba arrived in a T-shirt embossed with a Nike Swoosh and the words "Just HODL It"—Hold on for Dear Life—a mantra among those who believe that Bitcoin's utility and finite stock herald wealth.

A young crowd listened to Penalba explain the basics of minting and staking and the nuances of royalty fees for those who want to begin trading in non-fungible tokens (NFTs), forms of digital data stored on a blockchain ledger.

Penalba, who describes himself as a full-time NFT trader, was an early adopter in what became frenzied trading in digital art collections such as Bored Ape Kennel Club. ("Basically, it's dogs," he explains.)

Digital artist Mike Winkelmann famously sold his NFT artwork through auction house Christie's for \$69 million in May 2021 as NFT transactions soared to about \$17 billion that year.

"At first it was just being there—getting in early," said Penalba.

But sales of digital art, music, and other NFTs crashed by about 92 percent from January to May 2022 as sentiment changed, according to NonFungible, a blockchain data company established in 2018.

Statistics agency data show that Indonesia's main tourism destination is still finding its feet after a

devastating two-year blackout caused by the pandemic. Tens of thousands of tourism workers had their working hours cut or lost their jobs entirely as the travel industry collapsed around them.

In April 2019 almost half a million people arrived at Bali's Ngurah Rai International airport—this year in April, with restrictions beginning to ease, the total was barely one-tenth that (although there were signs of a stronger recovery in May and June).

Young professionals newly released from lockdowns in Europe and elsewhere appear eager to choose Bali as a base, although some say challenges with paperwork have curbed enthusiasm for longer stays.

"I think it's very nomadic here," said Gabrielle, who organizes crypto networking events in Dubai and Singapore.

In 2021, Thailand announced it would issue 10-year work permits to foreign nationals earning more than \$80,000 a year. This year Indonesia's tourism minister, Sandiaga Uno, unveiled similar plans for a five-year visa for Bali targeting the rise in remote workers.

## Cautionary tales

Tales of scams are common among Bali's crypto traders and are a fresh priority for regulators keen on restricting the influence of advertising and irresponsible social media influencers.

The Commodity Futures Trading Regulatory Agency, part of Indonesia's trade ministry, assumed oversight of cryptocurrencies in 2018. It currently permits trading in 229 assets.

Cryptocurrency transaction volume in Indonesia grew from Rp 64.9 trillion in 2020 to Rp 859.4 trillion in 2021, the agency head said at a parliamentary hearing in March. By February this year, the number of participants transacting in cryptocurrencies in Indonesia had more than doubled, to 12.4 million, compared with just 10 months earlier.

Blockchain developer Paul guesses that most people in Bali's cryptocurrency community are simply speculating on rising prices, with only a fraction working on technology that proponents hope will cut costs for everything from agriculture to migrant worker remittances.

"You can make a lot of money," said Penalba during his presentation. "If you are lucky." **FD**

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