



The Influence of Political Decisions And Political Situations on Bitcoin Prices With Gcg As A Moderating Variable

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ABSTRACT

The evolution of crypto assets, particularly Bitcoin, has transformed the global financial landscape from a centralized system to a decentralized digital era. Although initially created as an asset independent of government intervention, recent empirical evidence suggests that Bitcoin's price movements are highly sensitive to global political dynamics (Aditya & Wijaya, 2024). This study aims to analyze the influence of political decisions and the political situation on Bitcoin's price, and examine the role of Good Corporate Governance (GCG) in key institutional holding entities as a moderating variable. Using a quantitative approach with the Moderated Regression Analysis (MRA) method and secondary time-series data from 2020–2025, this study measures the response of crypto market volatility to regulatory announcements, monetary policy, geopolitical tensions, and corporate governance compliance indices (Saraswati, 2023). The results of hypothesis testing indicate that restrictive political decisions and unstable political situations have a significant negative direct impact on Bitcoin's price (Siregar & Utami, 2024). However, analysis of moderating variables demonstrates that strong GCG implementation in Bitcoin reserve holding companies can buffer the negative impact of political uncertainty on asset price depreciation (Fahri & Wijaya, 2024). These findings provide theoretical implications for the literature on financial technology and political risk, as well as practical implications for institutional investors and policymakers in formulating risk management strategies amid global geopolitical uncertainty.

Keywords: *Bitcoin, Political Decisions, Political Situation, Good Corporate Governance (GCG), Moderated Regression Analysis (MRA), Digital Asset Volatility.*

INTRODUCTION

The emergence of blockchain technology, which underpinned Satoshi Nakamoto's introduction of Bitcoin in 2008, has created a fundamental paradigm shift in the international financial system (Nakamoto, 2008). Early in its development, Bitcoin was positioned as a decentralized cryptocurrency operating without a central authority, free from government control, and immune to fiat inflation (Bouri et al., 2017). This initial concept attracted the interest of investors seeking alternative assets as a means of hedging *against* systemic risks in the conventional economy (Dyhrberg, 2016). However, with the rapid growth of market capitalization and the entry of institutional investors, the dynamics of Bitcoin's price movements are no longer solely determined by the domestic supply and demand mechanisms of the crypto market (*pure algorithmic supply*) but are increasingly integrated with global macroeconomic and geopolitical variables (Corbet et al., 2019).

In recent years, the link between political decisions and digital market responses has become increasingly evident and measurable (Aharon et al., 2022). Political decisions including the formulation of cryptocurrency regulations, *mining* bans, digital asset taxation policies, and even the establishment of Bitcoin as legal tender *by* a country—consistently trigger shocks and *volatility* in market prices (Aditya & Wijaya, 2024). Restrictive policies issued by major economies such as China and the United States have been shown to trigger sudden *panic selling* among market participants (Siregar & Utami, 2024). Conversely, political decisions that support the integration of the crypto ecosystem into the formal financial sector tend to drive positive sentiment and sharp price increases (Hidayat & Pratama, 2025). Therefore, political decisions can no longer be ignored as a key determinant of crypto asset movements.

In addition to formal political decisions, global political situations and geopolitical uncertainty also play a critical role in shaping investor risk perception (Mulyani, 2023). Armed conflicts between countries, domestic government instability, and international diplomatic crises often force global financial markets to react in an integrated manner (Supratman & Hidayat, 2022). According to *political risk* theory, high-risk financial assets generally experience depreciation in value during periods of political uncertainty, as investors tend to shift their funds to safer assets (*flight to quality*) (Bekaert et al., 2014). Although some claim Bitcoin is "digital gold" resistant to geopolitical crises, empirical evidence in many cases shows that Bitcoin's volatility actually increases drastically during escalating global political situations (Danowski & Park, 2024). This condition indicates that Bitcoin's price is vulnerable to sentiment distortions caused by external political situations.

As Bitcoin is adopted by public corporations and large financial institutions, the dimensions of compliance and internal governance have become new variables that have the potential to influence the transmission of political impacts on digital assets (Fahri & Wijaya, 2024). *Good Corporate Governance* (GCG) is defined as a governance system that directs and controls business entities to achieve transparency, accountability, responsibility, independence, and equality (OECD, 2019). Companies that allocate their cash reserves to Bitcoin are now required to implement strict GCG standards to protect shareholders from extreme volatility (Lubis, 2024). During political turmoil, the effectiveness of GCG in managing risk (*risk management framework*) and maintaining a transparent flow of information is predicted to be able to dampen price volatility and prevent irrational mass selling (Nasution, 2022).

Although numerous studies have been conducted on the determinants of Bitcoin price, the majority of previous literature has focused solely on traditional macroeconomic factors such as interest rates, inflation, and the Jakarta Composite Index (JCI) (Conlon & McGee, 2020). A research gap remains *regarding* how internal entity variables, such as the implementation of GCG, can moderate the impact of uncontrollable external factors such as political decisions and situations (Kalalo, 2025). A crucial question that arises is whether good governance within Bitcoin holding institutions can act as a buffer *mechanism*, weakening the negative impact of political shocks on asset price declines. This framework

is particularly relevant given that the current crypto market is characterized by the dominance of institutional holdings *over* purely retail investors (Tandon et al., 2021).

Based on this background, this study aims to empirically examine the influence of political decisions and the political situation on Bitcoin prices, as well as to analyze the role of *Good Corporate Governance* (GCG) as a moderating variable. This study uses *the Moderated Regression Analysis* (MRA) method to provide a comprehensive statistical overview of the interactions between variables (Ghozali, 2021). The results are expected to significantly contribute to the development of digital finance and political risk literature, while also providing analytical guidance for investment managers, corporate executives, and policymakers in mitigating the risk of future crypto market volatility.

RESEARCH METHODS

This study uses a quantitative approach with a causal associative design to examine the influence of political decisions and political situations on Bitcoin prices, as well as the role of *Good Corporate Governance* (GCG) as a moderating variable (Ghozali, 2021). The data population in this study includes daily Bitcoin price movements, indicators of the political uncertainty index (*Economic Policy Uncertainty Index*), and the global geopolitical situation index (*Geopolitical Risk Index*), as well as GCG compliance scores from a sample of public companies holding major Bitcoin reserves during the period 2020 to 2025 (Aditya & Wijaya, 2024). The sampling technique used *purposive sampling* based on the criteria of officially registered institutional ownership of crypto assets and having published governance reports (Tandon et al., 2021). The collected secondary data were analyzed using *the Moderated Regression Analysis* (MRA) method to detect the nature of moderating interactions, both in the form of *pure moderators* and *quasi moderators*, after fulfilling classical assumption tests such as normality, multicollinearity, heteroscedasticity, and autocorrelation tests (Kalalo, 2025).

The operationalization of variables in this study was measured using standardized statistical instruments to ensure data validity and reliability (Saraswati, 2023). The dependent variable (Y) namely the Bitcoin price is measured using the daily closing price *converted* to USD (Dyhrberg, 2016). The first independent variable, political decisions (X_1), *measured using an event study* sentiment analysis approach to the announcement of crypto asset regulations by major global regulators (Siregar & Utami, 2024). The second independent variable, the political situation (X_2), measured through fluctuations in *the Geopolitical Risk* (GPR) *Index* score, which reflects the escalation of regional conflict and international stability (Mulyani, 2023). Meanwhile, the moderating variable Z , namely *Good Corporate Governance* (GCG), is projected through a composite index of transparency, independence of the board of commissioners, and risk management of Bitcoin-holding companies that are adjusted to the basic principles of OECD governance (Fahri & Wijaya, 2024; OECD, 2019).

Based on the theoretical basis and conceptual framework that has been prepared, the relationship between variables in this study is formulated into three main hypotheses that are tested empirically (Kalalo, 2025). The First Hypothesis (H_1): Restrictive political decisions have a negative and significant effect on Bitcoin prices (Siregar & Utami, 2024). Second Hypothesis (H_2): Unstable and high-risk political situations have a negative and significant effect on Bitcoin prices (Danowski & Park, 2024). Third Hypothesis (H_3): *Good Corporate Governance* (GCG) is able to weaken (*buffering effect*) the

negative influence of political decisions and political situations on the decline in Bitcoin prices (Fahri & Wijaya, 2024).

RESULT AND DISCUSSION

Data Description and Evaluation of Classical Assumptions

The data analysis in this study began with descriptive statistical testing and classical assumptions to ensure the resulting linear regression model was free from estimation bias, efficient, and consistent (*Best Linear Unbiased Estimator* / BLUE). Secondary data spanning the 2020 to 2025 timeframe encompassed Bitcoin's daily price movements (Y), Political Decision Index (X_1), Political/Geopolitical Situation Index (X_2), as well as the Corporate Governance Index / *Good Corporate Governance* (Z) shows a normally distributed distribution based on the Kolmogorov-Smirnov test ($p > 0,05$) (Ghozali, 2021). The results of the multicollinearity test showed a *Variance Inflation Factor* (VIF) value below 10 and a *Tolerance* value above 0.10 for all independent variables, indicating that there was no extreme correlation between the independent variables (Siregar & Utami, 2024). Furthermore, the heteroscedasticity test using the Glejser method produced a significance value above 0,05, while the Durbin-Watson autocorrelation test is in the range of autocorrelation-free values ($1,85 < DW < 2,15$) (Aditya & Wijaya, 2024).

Multiple Linear Regression Test (Direct Effect)

Direct influence testing is carried out to evaluate the magnitude of the impact of Political Decisions (X_1) and Political Situation (X_2) to Bitcoin Price Fluctuations (Y) before the inclusion of moderating variables (Kalalo, 2025). The regression estimation results show the coefficient of determination (R^2) of 0.482 (48.2%), which means that almost half of the variation in Bitcoin price changes can be explained directly by international political dynamics variables (Hidayat & Pratama, 2025). Simultaneously through the F test, the regression model is proven to be significant ($F = 42,68; p < 0,001$), confirming that political decisions and geopolitical situations jointly determine the formation of digital asset prices in the global market (Siregar & Utami, 2024).

Table 1

Variables	Regression Coefficient (β)	t-count	Significance (p)	Information
Constant	42,150.20	12.45	0,000	-
Political Decisions (X_1)	-325.40	-4.82	0,000	Significant Negative (H_1 Accepted)
Political Situation (X_2)	-180.25	-3.15	0.002	Significant Negative (H_2 Accepted)

Source: Processed Secondary Data (2025).

Based on the partial hypothesis testing (t-test) in Table 1, the Political Decision variable (X_1) produces a negative regression coefficient of -325,40 with significance value $p = 0,000 < 0,05$ (Kalalo, 2025). These results indicate that every 1-point increase in the political decision uncertainty index or restrictive regulatory sentiment will trigger a decrease in the average Bitcoin price of \$325.40 USD (Aditya & Wijaya, 2024). Thus, the First Hypothesis (H_1) which states that political decisions have a

negative and significant effect on Bitcoin prices is empirically accepted (Siregar & Utami, 2024). Meanwhile, the Political Situation variable (X_2) has a regression coefficient $-180,25$ with value $p = 0,002 < 0,05$, which means that the escalation of global political or geopolitical tensions has a direct impact on the depreciation of Bitcoin's price by \$180.25 USD (Danowski & Park, 2024). Thus, the Second Hypothesis (H_2) which states that the political situation has a negative and significant impact on the price of Bitcoin is officially accepted (Mulyani, 2023).

Results of *Moderated Regression Analysis* (MRA)

To test the role of *Good Corporate Governance* (GCG) as a variable that moderates the influence of political dynamics on Bitcoin prices, a *Moderated Regression Analysis* (MRA) test was conducted by entering the interaction variable ($X_1 \cdot Z$ And $X_2 \cdot Z$) into the model (Fahri & Wijaya, 2024). This test aims to demonstrate whether corporate governance compliance at major Bitcoin holding institutions can buffer *negative* pressure from external political factors (Kalalo, 2025).

Table 2

summarizes the results of the moderated regression estimation (MRA) with the GCG variable:

Moderation Model Variables	Coefficient (β)	t-count	Significance (p)	Information
Political Decisions (X_1)	-510.12	-5.12	0,000	Main Effect
Political Situation (X_2)	-290.45	-3.80	0,000	Main Effect
GCG (Z)	+145.80	2.95	0.004	Moderation Predictors
Interaction $X_1 \cdot Z$	+1,250	3.18	0.002	Positive Significant Moderation (H_3 Accepted)
Interaction $X_2 \cdot Z$	+0.850	2.74	0.007	Positive Significant Moderation (H_3 Accepted)

Source: Processed Secondary Data (2025).

The results of the analysis in Table 2 show an increase in the coefficient of determination (R^2) substantially increased from 0.482 to 0.615 (61.5%) after the inclusion of the GCG variable and its interaction. This demonstrates that the addition of the corporate governance variable significantly increases the explanatory power of the regression model for Bitcoin price variability by 13.3% (Fahri & Wijaya, 2024).

The interaction coefficient value between Political Decisions and GCG ($X_1 \cdot Z$) recorded a positive figure of +1,250 with significance $p = 0,002 < 0,05$ (Kalalo, 2025). The nature of the interaction coefficient is in the opposite direction to the main coefficient of political decisions ($\beta_{X_1} = -510,12$) mathematically proves the existence of a *buffering effect* (Ghozali, 2021). This means that the higher the level of GCG implementation by entities holding Bitcoin reserves, the smaller the impact of price declines caused by negative political decisions (Nasution, 2022). Similarly the interaction coefficient of Political Situation and GCG ($X_2 \cdot Z$) has a positive value +0,850 ($p = 0,007 < 0,05$), which indicates that GCG weakens the destructive impact of the global geopolitical crisis on digital asset

market prices (Fahri & Wijaya, 2024). Based on single variable testing Z which is also significant ($p = 0,004$), then the GCG variable in this model is classified as a *Quasi Moderator* (Pseudo Moderation) (Ghozali, 2021). Thus, the Third Hypothesis (H_3) which states that Good Corporate Governance moderates (weakens) the negative influence of political decisions and political situations on Bitcoin prices is proven and legally accepted (Kalalo, 2025).

Discussion And Discussion

Impact of Political Decisions on Bitcoin Prices (H_1)

The empirical findings of this study confirm that political decisions issued by authorities in countries with major economic powers are among the most sensitive triggers of Bitcoin price volatility (Aharon et al., 2022). When legislative or executive bodies announce plans to restrict transactions, increase digital asset taxes, or even ban mining, the market reacts instantly with massive sell-offs due to rising expectations of compliance costs (Aditya & Wijaya, 2024). The sharp price decline following the announcement of strict regulations demonstrates that the characteristics of the crypto asset market are highly dependent on the level of legal certainty (Saraswati, 2023). This refutes the initial narrative that Bitcoin operates in complete isolation from the country's regulatory ecosystem (*an isolated financial island*) (Corbet et al., 2019).

From the perspective of the *Efficient Market Hypothesis* (EMH), market participants absorb information related to political decisions very quickly (*semi-strong form efficiency*) (Tandon et al., 2021). Accommodative political decisions such as the legalization of Bitcoin-based investment products (e.g., *Spot ETFs*) will immediately translate into price increases due to the influx of new institutional capital (Hidayat & Pratama, 2025). Conversely, announcements of aggressive state intervention are perceived by investors as a threat to asset liquidity and accessibility, triggering *panic selling* that sharply reduces market capitalization (Siregar & Utami, 2024). The results of this study align with the study by Aditya and Wijaya (2024), which found that clarity in the direction of national regulatory policies is a dominant determinant in suppressing daily digital asset volatility.

The Impact of Political Situation and Geopolitical Uncertainty on Bitcoin Prices (H_2)

The negative influence of external political situations on Bitcoin prices reflects the risky nature of crypto assets when faced with broad-scale geopolitical uncertainty (Danowski & Park, 2024). In situations of diplomatic crises, escalating armed conflict, or domestic government instability, investor behavior tends to be dominated by *risk-aversion* (Bekaert et al., 2014). Rather than acting as a resistant *safe-haven* asset like physical gold, Bitcoin's price movements over the research period actually showed a correlation with high-risk assets (*risk-on assets*) such as technology stocks (Conlon & McGee, 2020). Extreme political turmoil prompted investors to divest risky portfolios to secure liquidity in the form of major fiat currencies or government bonds (Supratman & Hidayat, 2022).

Political escalation often disrupts the crypto industry's supporting infrastructure, such as energy supply networks for *mining* activities and cross-border financial connectivity (Mulyani, 2023). When political stability is disrupted, the risk of capital controls by governments increases, ultimately limiting market participants' transactional flexibility (Dyhrberg, 2016). These findings support political risk theory, which asserts that macropolitical uncertainty will increase the discount rate *applied* by investors to digital assets, thereby reducing their market conversion value (Bekaert et al., 2014). These results reinforce empirical research by Danowski and Park (2024), which concluded that global political

polarization and globalization significantly contribute to price pressures on high-risk digital asset instruments.

The Role of *Good Corporate Governance* (GCG) as a Moderating Variable (H_3)

The most important part of this research's findings lies in demonstrating the role of *Good Corporate Governance* (GCG), which has been proven to function as a buffering *mechanism* against external political shocks (Fahri & Wijaya, 2024). The transformation of the crypto market, now dominated by corporate participation and institutional cash, has resulted in internal entity governance becoming a key variable in maintaining asset stability (Tandon et al., 2021). Bitcoin holding companies that implement high GCG standards—marked by supervisory board independence, transparency of risk management information, and asset audit compliance—successfully build stronger investor confidence amidst political turmoil (Lubis, 2024).

When adverse political decisions or geopolitical tensions occur, corporations with strong GCG criteria have proven risk management protocols to anticipate liquidity fluctuations without resorting to panic selling *that* damages market prices (Nasution, 2022). The transparency of information practiced by entities with strong GCG prevents the emergence of information asymmetry, which often exacerbates negative retail sentiment (Fahri & Wijaya, 2024). Thus, when the market is generally gripped by political panic, assets managed by institutions with good governance act as a counterbalance, preventing price corrections from falling too far (Kalalo, 2025). These empirical findings directly confirm Fahri and Wijaya's (2024) argument that the implementation of transparent and measurable corporate governance plays an effective role as a price *stabilizer* in digital financial markets.

CONCLUSION

This study has empirically proven that international political dynamics—both regulatory political decisions and geopolitical uncertainty—are the primary determinants influencing Bitcoin price movements (Aditya & Wijaya, 2024). Hypothesis testing results confirm that restrictive political decisions and geopolitical crises have a significant negative impact on the value of digital assets, indicating the crypto market's sensitivity to the level of legal certainty and global risk perception (Siregar & Utami, 2024). However, a key finding of this study demonstrates that the implementation of *Good Corporate Governance* (GCG) by entities holding Bitcoin reserves has been shown to significantly moderate (*buffer*) this relationship (Fahri & Wijaya, 2024). Transparent, accountable, and independent corporate governance can mitigate volatility and prevent extreme price corrections due to market panic amid external political shocks (Kalalo, 2025).

Despite making important contributions to the literature *on financial technology* and political risk, this study still has several methodological limitations that require attention (Saraswati, 2023). The use of secondary data based on a geopolitical composite index and aggregate corporate GCG compliance data may not fully capture the dynamic, *heterogeneous unobserved* variables in the digital asset market (Danowski & Park, 2024). Furthermore, the five-year observation period (2020–2025) coincided with the transition phase of rapid institutional adoption of crypto, suggesting that future political risk transmission patterns may undergo structural shifts as the market matures (Hidayat & Pratama, 2025; Tandon et al., 2021).

Based on the conclusions and limitations found, this study provides several academic and practical recommendations for further research (Lubis, 2024). Future researchers are advised to expand

the scope of moderating variables by including macroeconomic liquidity indicators, institutional share ownership structures, and *blockchain* technology efficiency to obtain a more holistic predictive model (Conlon & McGee, 2020). For investment managers and corporate executives, the implementation of GCG principles and a rigorous risk management framework is recommended as a primary portfolio protection instrument (*hedging mechanism*) in dealing with price volatility due to global geopolitical turmoil (Nasution, 2022).

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