
W H I T E P A P E R

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IDK

INDONESIAN RUPIAH STABLE COIN

ABSTRACT

IDK is a cryptographic token that is issued by IDK Foundation Ltd., a BVI trust company (No: BC2010749). IDK is pegged 1 : 1,000 to IDR, the Indonesian Rupiah, and is built on the Ethereum Network according to the ERC20 token standard. IDK is a stablecoin that seeks to drive adoption of digital currencies in Indonesia, the largest economy in Southeast Asia. For every 1,000 Rupiah that is deposited into the IDK Foundation's appointed custodian, one IDK will be issued. For every 1,000 Rupiah that is withdrawn from the IDK Foundation's appointed custodian, one IDK will be taken out of circulation.

OVERVIEW

Blockchain technologies and digital assets have continued to gain prominence in the venture sector, with venture capital investments in the first three quarters of 2018 reaching nearly USD \$3.9 billion, a 280 percent increase from 2017.¹ Although the most widely touted utility of cryptocurrencies is still as a means of value transfer (e.g., crossborder payments), blockchain technology has the potential to disrupt other industries.

Regulators and government ministries worldwide continue to look closely into blockchain development. For example, the International Monetary Fund's recent report on central bank digital currencies shows regulators' interest in the potential benefits of digital currencies². However, widespread adoption of cryptocurrencies is still in its infancy. Crypto-payment services are not fully accepted yet, with price volatility often cited as a key deterrent of adoption.

We believe that blockchain technologies will shape the future and will become an integral aspect of global services. We also believe that stablecoins will help mitigate concerns of short-term volatility and accelerate the adoption of blockchain.

A stablecoin is a crypto-asset which maintains a stable and predetermined value, allowing it to function as a global medium of exchange, a unit of account, and a store of value with low volatility. Price stability allows IDK for daily usage, which is the fundamental key to drive mass adoption of cryptocurrencies.

Stablecoins are able to derive a constant predetermined value by pegging their value to an existing asset, such as fiat currencies or another cryptocurrency, or through algorithmic means.³ We propose a new stablecoin using the fiat collateral model. The stablecoin IDK will have its value pegged to the Rupiah, such that one IDK equals one thousand Rupiah.

DIGITAL INDONESIAN RUPIAH IN THOUSANDS (IDK)

IDK is a stablecoin issued by the IDK Foundation Ltd, a BVI trust company. IDK pegs the value of each token to 1,000 Rupiah. Each unit of IDK will be fully backed by its equivalent in Rupiah deposits.

For every 1,000 Rupiah that is deposited into the IDK Foundation's appointed custodian, one IDK will be issued. For every 1,000 Rupiah that is withdrawn from the IDK Foundation's appointed custodian, one IDK will be taken out of circulation. Therefore, any holder of IDK will be able to redeem 1 IDK for 1,000 Rupiah at any given point in time. The IDK will be available for trading with multiple cryptocurrencies on authorized exchanges.

With IDK stablecoin, market participants who believe that the price of a certain crypto asset is subject to downward pressure can easily convert their crypto assets to IDK. On the other hand, market participants who believe that the value of a certain token is appreciating can convert their

IDK to the respective crypto assets. The IDK provides an avenue for digital asset market participants to manage cryptocurrency price volatility or market uncertainty.

What makes IDK unique is that while most off-chain collateral backed stablecoins use USD, EUR or gold as its base, the IDK Foundation uses the Indonesian Rupiah to meet the demand from the Southeast Asian region.

Indonesia is an emerging market with a large unbanked population that could benefit from the latest development of financial technologies. Indonesian President Joko Widodo is supportive of innovation, calling for experimentation and growth in the fintech sector.⁴ IDK aims to be the stablecoin of choice and to be at the forefront of mainstream adoption.



An IDR-pegged stablecoin can help to foster interest in and drive adoption of digital currencies in the largest economy in Southeast Asia. The vision of this project is to promote digital currency adoption in a practical and prudent manner, with the focus on benefitting not only Indonesian residents, but also any market participant who has business exposure or interests in Indonesia.

The IDK stablecoin is developed on Ethereum and follows its ERC-20 protocol.

The IDK Foundation will work with established public accounting firms to ensure full transparency of the IDK project. Periodic audit reports will be provided to show that all IDK tokens in circulation have the equivalent of IDR collateral in reserve.

The IDK Foundation also seeks to adopt best security practices by working with a trusted third-party security auditor to ensure that the contract code meets the highest quality standards.

CONCLUSION

Asset-backed stablecoins provide critical infrastructure to support an open financial system: A pricestable medium of exchange and a token that can be employed in a wide range of smart contracts and decentralized financial protocols. Stablecoins hold the promise of stable interoperable global value transfers for everyone on the planet and they help unlock the incredible power of smart contracts for tokenizing a wide range of assets and economic arrangements.

The IDK project seeks to be the pioneer in the stablecoin experiment by propelling digital currency adoption through a pricestable blockchain token specifically for the Indonesian market.

REFERENCES

- ¹ Diar. (2018, October 1). Volume 2 Issue 39. Retrieved from <https://diar.co/volume-2-issue-39/>
- ² Mancini-Griffoli, T., Martinez, M. S., Peria, I. A., Ari, A., Kiff, J., Popescu, A., & Rochon, C. (2018). Casting Light on Central Bank Digital Currency
- ³ Penjelasan yang lebih terperinci tentang stablecoin tersedia di luar whitepaper ini. Untuk pemahaman yang lebih jelas, kami merekomendasikan laporan *Blockchain's The State of Stablecoins*, tersedia untuk diunduh di <https://www.blockchain.com/research>.
- ⁴ TheJakartaPost. (2018, October 12). *Bali Fintech Agenda, IMF Annual Meeting 2018*. Video: Jokowi stresses experimentation, innovation at Bali Fintech Agenda. Retrieved from - <https://www.thejakartapost.com/multimedia/2018/10/12/jokowi-stresses-experimentation-innovation-at-bali-fintech-agenda.html>