

# CHAPTER I

## INTRODUCTION

### 1.1 Research Background

Nowadays, the society has already been developed into more globalized in every aspects of life. With the help of technology, cryptocurrency emerged to create new economy system. Cryptocurrency system is developed and integrated inside of the new technology named blockchain. The first cryptocurrency is Bitcoin and the most well-known among all of them. To put it simply, cryptocurrency and blockchain are global financial network that made through communication with the purpose of exchanging data without banks or government interference.

This smart financial system was generally introduced at 2008 and the urgency of this was people are tired of the interference of government and banks about their financial communication. They had a notion to choose blockchain over banks to be more dignified and private for the aspects that related to their financial life. With the freedom provides by the blockchain itself, it is more versatile in communication aspect for their life by using the peer- to -peer network through the system. This idea was supported by the statement that blockchain is a platform where people can avoid the democratic system of government which did not provide freedom for citizens and integrate government interference in their private financial life. So, people would not submit to rules and regulation from banks or governments.

For centuries, the currency or coin that became knowledge to countries did not resulting any discussion about the authentication and legality or the doubts to integrate taxation on it. There are different instruments on the market itself, such as commodity, foreign exchange, stock, and bonds. Cryptocurrency became one of the instruments that are very new and still on developing phase. It was generally invented by an unknown group of people or a person who used Satoshi Nakamoto as their or his name. The first coin is Bitcoin which people think of it as the same as gold in commodity with the starting price were less than a dollar and grew exponentially overtime with the total supply of

21.000.000 Bitcoin. The statement before were supported due to the fact that in 2013, an exchanger named Coinbase announced that the broker itself had sold \$1 Million worth of bitcoins in interval of one month, with per unit price were above \$22 bitcoin (Chohan, 2017).

Blockchain is known as a value-exchange system because it permits the automated transaction of an underlying asset value on digital networks, without the urgency for third parties such as banks and government (Potts, Rennie, & Goldenfein, 2017). It is a system where it uses combination of encryption and integrate peer-to-peer technology to develop and update an immutable record to list and show to people when any transaction has happened. People can access the blockchain easily with internet due to the fact that it has no special ticket or privilege to get in the blockchain. An example. when one party sent a cryptocurrency to another party, the sender's wallet will be subtracted and the other party's wallet will get the same cryptocurrency. People can see this transaction openly with internet, and the transaction goes without the third party such as banks and government.

In simply, Bitcoin is the advanced international digital currency that emerged and created by the urgency of market flaws itself. It is arguably the system where the government could not influence, modify and manipulate the market inside of it. But the Bitcoin itself has more risk and reward in the aspect of value appreciation, the notion before could be supported by a statement from, (Garcia & Romaoli, 2019) "Explicitly, Bitcoin is a kind of money or asset, just like the real tangible one, the dollar or the euro, with the difference that it being emerge in digital and isn't being perpetuated by any government. Its value is determined freely by the individuals who buys in the market. For online transactions, it is the ideal method of payment as it is fast, cheap and secure. With Bitcoin, you can do a transaction such as transferring funds from A to B anywhere across the world without ever having to rely through a third party's interference. It's a really sophisticated technology ". With the support of the statement before, everyone can access the blockchain without government permission and the cyber-crime could occur on it.

Although this is a nascent technology at that moment, there are some pathologies that affect people's financial behavior because of the oblivion and the state of ambivalence about the cryptocurrency itself, the biggest catastrophe of cryptocurrency is the Crypto

Market Crash. One of the staggering cases about crypto market crash that happened in the past was the 2017 crypto market crash, the price reached near \$20.000 and then in the end year it dropped significantly to \$12.000. it is to be said that one of the catalyts of this phenomenon are the occasion of major cyber-crime hack in Korea and Japan, and the grapevine about both of those countries were planning to ban Bitcoin as well, making all of the investors take their exits (Lisa, 2021).

With the emergence of this new financial technology, at first the majority of people just get in without a second thought of the risk of it. With so little information, the underlying asset of this system is only speculation. There is a notion that similar to a negative news or speculation that affect the cryptocurrency market's sentiment that became the catalyst of people's action towards the market itself, the terminology of this idea is FUD (Fear, Uncertainty, and Doubt) and often seems integrated in media. This supported by the perception that FUD is one of the marketing techniques that the elite market institutions cast negative notion towards competitor's sentiment. Basically, a FUD campaign uses a several techniques, such as warnings to customers bias to the risks of moving to a new product, a consecutive of press releases designed to confuse the market's sentiment to the viability of the new product itself, and the scale test are generally biased and manipulated with the tendency which more pointing to the elite market institutions favor, this could emerge questions about the new product's viability (Pfaffenberger, 2000).

The massive FUD happened at May, 2021 were exposed by the news media and has an impact on the world. According to CNBC, 30 May 2021 it was stated that the price of bitcoin fell 4.23% with the equivalent to Rp.482 million per coin. With the downtrend that has occurred the total value of bitcoin has fallen by more than 40% in a month, even it was below \$30.000/BTC on 19<sup>th</sup> may. With the follow up of the best second cryptocurrency, Ethereum's valuation has fallen 20% during may. And one of the top 10 cryptocurrency, Ripple also loses its value almost 50%. The catalyst of this market crash was because China had a notion to ban cryptocurrency as a payment method in the country once again, the president Xi Jinping also ban the miners and crypto traders as well. This news was followed by the news from the US president, Joe Biden had a notion to regulate a new rule and taxation in cryptocurrency (Pransuamitra, 2021).

The impact of this is worldwide, a new report from JP Morgan institution stated that based on futures contract, institutional investors appeared to move away from bitcoin and going back to tangible commodity such as gold and Elon Musk also announce that the Tesla company would no longer accept bitcoin as a payment because it has a contradiction with environmental concern. Coinbase, one of the famous exchangers also gave up their profit and was down almost \$220 per share (Pransuamitra, 2021). Specifically, in Indonesia the crypto market crash news itself has an impact to the people as well. People tend to see bitcoin are entering bearish phase after it has accumulated almost 200% in 2021, not to mention the others cryptocurrencies that gain over hundreds of percent (Pound, 2021). The statement is supported with the author's empirical aspect which at that moment, people are scared to touch the cryptocurrency because of the massive FUD lurking in the social media atmosphere. The notions itself affect the majority of the Indonesian investor to have a new perception about the cryptocurrency as a very volatile and high-risk asset. Therefore, it is a must for the author to understand the topic deeply, one of the procedures to comprehend this phenomenon is by analyzing the journal from the late researcher.

The author chose Cryptocurrency Market Crash as the object of this research because cryptocurrency has been a hidden investment since it is created in the past decade, but in the early quartal of 2021 it went booming because the price of Bitcoin reached almost \$60.000. This event itself create massive FOMO (Fear Of Missing Out) in the society and affecting people's financial behavior at that time without checking what is the massive risk lurking on the space itself (Reynard, 2021). However, when the Crypto Market Crash occurs, the majority of people cannot stand it and it has impacts to the people who just getting in without having the explicit information about the cryptocurrency itself, leading conflagration towards their financial situation. The author uses news online in this research because the advancement on the technologies sector and by the emergence of internet, people tend to read news through their phone rather than the conventional newspaper. The author choses Cnbcindonesia.om and Finance.detik.com as the subject of this research because according to author's research on the internet, those two online media are the most coherent, well-known and have the most news in relation to Crypto Market Crash at May 2021 issue rather than other online media. The table can be seen below:

**Table 1.1 Online Media  
Filteration**

| No | Online Media      | News Amount in relation to the Crypto Market Crash<br>issue in May 2021 |
|----|-------------------|---|
| 1  | Finance.Detik.com | 7   |
| 2  | Cnbcindonesia.com | 11  |
| 3  | Idxchannel.com    | 4   |
| 4  | Money.Kompas.com  | 2   |
| 5  | Investor.id       | 1   |

**(Source: Researcher, 2022)**

The author integrated comparative approach in dissecting those two online news portals because there is a significant differentiation of framing that apparent within the morphology of the news and protrusions used in those news reviews on both Cnbcindonesia.com and Finance.detik.com. Aside from that, the author choses the period of May 2021 because it was when Bitcoin almost reached the psychological number of Rp.1.000.000.000. This event leads to massive exposure globally, especially in Indonesia. The author uses qualitative method (framing) as a substantial approach because qualitative approach can be used to search for more in depth and detailed information through the data. The framing method is being used because the majority of news that apropos with cryptocurrency integrating framing aspect, this lead the readers or the audience are inside the state of ambivalence regarding of the information itself. The author uses Robert N. Entman model of framing because most of the crypto-related online news integrate framing, specifically protrusion of a word inside of the reviews, in accordance with Entman paradigm that giving protrusion and emphasizing of a certain word in a news is important (Eriyanto, 2002). One of the late researches that has correlation with this topic were Online Media Coverage of BitCoin Crypto-currency in Nigeria: A study of Selected Online Version of Leading Mainstream Newspapers in Nigeria (Nnabuike & Jarrar, 2018). According to the author's observation, there hasn't been research that analyzes the issue through media framing in the perspective of how the media such as CnbcIndonesia.com and Finance.detik.com frame the crypto market crash news at May 2021.

There is one condition where the crash of the crypto market has been published in online media coverage where there is a framing aspect integrated while delivering the issue itself. Online media often use such protrusion in certain issues to make it more prominent, this leads to market's sentiment becoming more subjective. There is also a notion that similar to negative news or speculation that affect the cryptocurrency market's sentiment that became the catalyst of people's action towards the market itself, the terminology of this idea is FUD (Fear, Uncertainty, and Doubt). This is supported by Pfaffenberger in his journal titled *The Rhetoric of Dread: Fear, Uncertainty, and Doubt (FUD) in Information Technology Marketing* in 2000. that stated FUD is one of the marketing techniques that the elite market institutions cast some negative notions towards competitor's sentiment to create state of ambivalence, in this case is the retails. With the fact that has been aforementioned, the importance and urgency of this research is to analyze and dissect how Cnbcindonesia.com and Finance.Detik.com framed its online news in relation of Crypto Market Crash issue especially at the period of May 2021, to know is there any protrusion of Fear, Uncertainty, and Doubt integrated inside of both online media that can change people's financial behavior significantly.

## **1.2 Research Purpose**

This study will be focused on the framing analysis of the Crypto Market Crash News in Online Media Framing (Analysis on Cnbcindonesia.com and Finance.detik.com Online Media for the Period of May 2021). With the framing theory integrated in this research, the purpose of this research is to dissect the media framing in online medias especially Cnbcindonesia.com and Finance.detik.com about the crypto market crash news at May 2021 in itself.

## **1.3 Research Focus**

Based on the research focus, therefore the research objective is to know how the Cnbcindonesia.com and Finance.detik.com as online media construct and frame the reality of the crypto market crash news at May 2021.

## **1.4 Problem Identification**

Based on the identification of the problem, the objective of the research is to

analyze how Cnbcindonesia.com and Finance.detik.com online media frame market crash news using framing theory.

## **1.5 Benefits of the Research**

The benefits of this research are as follows:

### **1.5.1 Theoretical Aspect**

In the theoretical aspect, the author hopes to become more suitable and competent to comprehend more deeply about the topic using framing theory and to give more updated version about the topic as well, especially as an example for the scientific learning on how to do a framing analysis in crypto market crash news in Cnbcindonesia.com and Finance.detik.com at May 2021. Therefore, the author hopes that this research can be used for updated information and a source of reference for the readers and the other studies that have the resemblance in the same theme or method of this research.

### **1.5.2 Practical Aspect**

The author hopes that this research can be used as a source of reference and perspective as a sharing to help improve the university's studies in the field that has a relevance to "Crypto Market Crash News in Online Media Framing (Analysis on Cnbcindonesia.com and Finance.detik.com Online Media for the period of May 2021". The author also hopes that this research can help to give the perspective of cryptocurrency in Indonesia

## **1.6 Time and Period of Research**

The research activities that are conducted by the author will take place in February 2022 – August 2022.

Details of the schedule that are conducted can be seen from the table 1.1 below:

**Table 1.2 Research Timeline**

| No. | Research Stages                         | 2022 |     |     |     |     |     |     |
|-----|---|------|-----|-----|-----|-----|-----|-----|
|     |   | FEB  | MAR | APR | MAY | JUN | JUL | AUG |
| 1.  | Submission of Topics and Titles         | ■    |     |     |     |     |     |     |
| 2.  | Preparation of Chapter I to Chapter III | ■    |     |     |     |     |     |     |
| 3.  | Pre-Research                            | ■    | ■   |     |     |     |     |     |
| 4.  | Desk Evaluation Collection              |      |     | ■   |     |     |     |     |
| 5.  | Desk Evaluation Revision                |      |     |     | ■   |     |     |     |
| 6.  | Research                                |      |     |     |     | ■   | ■   |     |
| 7.  | Preparation of Chapter IV to Chapter V  |      |     |     |     | ■   | ■   |     |
| 8.  | Thesis Defence                          |      |     |     |     |     |     | ■   |

**(Source: Researcher, 2022)**