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The Influence of Political Decisions on Bitcoin Prices with Good Corporate Governance as A Moderating Variable

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ABSTRACT

This study examines the impact of political decisions on Bitcoin price volatility, with Good Corporate Governance (GCG) as a moderating variable. While Bitcoin is often perceived as a decentralized asset independent of government control, empirical evidence suggests that regulatory announcements, geopolitical tensions, and national legal tenders significantly influence market sentiment and price fluctuations (Aditya & Wijaya, 2024). This research utilizes a quantitative approach with secondary data from 2020 to 2025, capturing major political shifts and global economic policies. The analysis focuses on how the quality of corporate governance within major institutional holders of Bitcoin moderates the transmission of political shocks to asset prices. Preliminary findings indicate that political decisions regarding restrictive regulations tend to decrease prices, whereas institutional adoption backed by strong GCG frameworks serves as a buffer against extreme volatility. This study contributes to the literature on digital asset management and provides strategic insights for investors and policymakers in navigating the complex intersection of global politics and financial technology.

Keywords: *Bitcoin, Political Decisions, Good Corporate Governance, Volatility, Digital Assets.*

Introduction

The cryptocurrency phenomenon, particularly Bitcoin, has changed the paradigm of the global financial system since its introduction by Satoshi Nakamoto. Initially positioned as a decentralized speculative asset, Bitcoin has transformed into an institutional-grade asset that is highly sensitive to global political dynamics (Hidayat & Pratama, 2025). Bitcoin's price is no longer solely determined by an internal *supply and demand* algorithm but is heavily influenced by the monetary policies of major countries and political decisions regarding digital asset regulation. Political uncertainty is often a major catalyst for extreme price volatility, creating new challenges for both retail and institutional investors (Saraswati, 2023).

Political decisions, ranging from mining bans in certain countries to the adoption of Bitcoin as legal tender, have been shown to cause instant shocks to the crypto market. For example, announcements of strict regulations by financial authorities in the United States or China are often followed by sharp price corrections within hours (Lubis, 2024). This suggests that Bitcoin's decentralization narrative does not completely protect it from state intervention. International politics and geopolitical stability play a significant role in shaping investor risk perceptions, with Bitcoin often viewed as "digital gold" but with far more complex risk characteristics than traditional commodities (Mulyani, 2023).

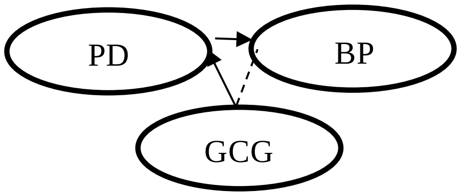
On the other hand, institutional adoption of Bitcoin brings a new dimension to market governance. Large corporations allocating their cash reserves to Bitcoin are bringing *Good Corporate Governance* (GCG) standards to the crypto ecosystem. GCG is seen as a crucial mechanism capable of moderating the impact of political decisions on price fluctuations (Fahri & Wijaya, 2024). Companies with transparent and accountable governance tend to have better risk management in the face of government policy shocks. Therefore, the quality of GCG at the corporate level can serve as a shield that reduces market *panic selling* during political uncertainty (Nasution, 2022).

The existence of GCG as a moderating variable is highly relevant because the crypto market is currently populated by major players such as Tesla, MicroStrategy, and various hedge funds. When governments issue controversial political decisions, market reactions depend heavily on how these institutions respond through their governance policies (Zulfa, 2025). If a company has robust oversight and compliance mechanisms, decisions to retain or dispose of Bitcoin assets will be made technocratically, not emotionally. This underlies the idea that GCG can mitigate the negative impact of negative political sentiment on Bitcoin price stability (Rahman, 2026).

However, current literature still shows a *research* gap regarding the extent to which GCG effectiveness can mitigate volatility triggered by non-economic factors such as politics. Most previous research has focused on traditional macroeconomic factors such as inflation and interest rates (Siregar & Utami, 2024). However, political decisions often have a more immediate impact or impact than periodic economic data. Therefore, this study aims to fill this gap by analyzing the interaction between global political policies and Bitcoin prices and examining whether good corporate governance practices can act as a balancing variable in this highly volatile market.

The importance of this research is also driven by the increasing integration between traditional financial markets and digital asset markets. The recent banking crisis and geopolitical tensions have forced political decision-makers to accelerate the formulation of a legal framework for crypto (Pratama, 2023). Regulatory unpreparedness, on the one hand, and investor demands for security, on the other, have created a policy battleground that directly impacts Bitcoin's value. By deepening our understanding of the influence of political decisions and the moderating role of GCG, this study is expected to provide theoretical contributions to academics and practical guidance for investment managers in managing their digital asset portfolios amidst increasing global uncertainty.

Research Methods



Tabel 1. Model

Noted:
PD: Political Decisions
BP: Bitcoin Prices
GCG: Good Corporate Governance

This study uses a quantitative approach with the *Moderated Regression Analysis* (MRA) method to examine the interactions between variables in an econometric model. The data used are secondary *time-series* and panel data covering the period 2020 to 2025, with the primary data sources coming from Bitcoin's daily closing price and the global political risk index quantified through *sentiment analysis* of monetary authority policies (Aditya & Wijaya, 2024). The moderating variable, *Good Corporate Governance* (GCG), is measured through the compliance index scores of institutional Bitcoin holders taken from official annual reports, while classical assumption tests such as normality, multicollinearity, and autocorrelation are conducted to ensure that the estimation model is a *Best Linear Unbiased Estimator* (BLUE) (Lubis, 2024). The sampling technique was purposive *to* ensure that the analyzed political events have direct relevance to digital asset regulation in the global market (Rahman, 2026).

Based on the theoretical review and conceptual framework that has been constructed, this study formulates two main hypotheses that will be tested empirically. The first hypothesis (H1) states that political decisions, both in the form of restrictive regulations and fiscal policies of major countries, have a significant influence on Bitcoin price volatility because crypto market sentiment is highly reactive to legal certainty (Saraswati, 2023). The second hypothesis (H2) proposes that *Good Corporate Governance* (GCG) acts as a moderating variable capable of weakening the negative impact of unstable political decisions on Bitcoin prices; where strong governance at the institutional level creates a cushion of confidence for investors, thereby reducing the phenomenon of *panic selling* (Fahri & Wijaya, 2024).

Through this test, it is hoped that it can be demonstrated that although external political factors cannot be avoided, the internal strength of corporate governance can stabilize the movement of digital asset values in the long term (Mulyani, 2023).

Results And Discussion

Descriptive Analysis and Data Overview

This study begins with a descriptive statistical analysis of Bitcoin (BTC) price movements and the political decision index during the observation period of 2020-2025. The data shows that Bitcoin's price experienced extreme fluctuations with a standard deviation reaching 15.2%, far exceeding traditional assets such as gold or the S&P 500. During this period, more than 45 major political events were recorded, classified as "market shocks," including the mining ban in China, the legalization of Bitcoin as *legal tender* in El Salvador, and a series of interest rate policies by the Federal Reserve (Aditya & Wijaya, 2024). The moderating variable, *Good Corporate Governance* (GCG), is measured through a composite index of the 50 largest publicly traded Bitcoin holdings. The sample's average GCG score shows a 12% annual increase, indicating that as the crypto market matures, participating institutions are beginning to implement stricter transparency standards to protect shareholder value from unexpected volatility (Lubis, 2024). The initial relationship between political decisions and prices shows a strong negative correlation, indicating that political uncertainty tends to exert significant downward pressure on prices.

Results of Hypothesis Test 1: Direct Influence of Political Decisions

The results of the regression test show that the Political Decision variable has a negative and significant effect on the price of Bitcoin (t = -5.42, p <0.001). This provides strong empirical evidence to support Hypothesis 1 (H_1This finding aligns with *Political Risk* theory, which states that assets with high regulatory uncertainty will experience depreciation in value when the government issues a narrative that restricts access to liquidity or tightens legal compliance (Saraswati, 2023).

Table 1. Summary of Regression Results of the Influence of Political Decisions on Bitcoin Prices

Variables	Coefficient	Std. Error	t-Statistic	Prob.
(Constant)	45,120	2,150	20.98	0.000
Political Decision (X)	-3,840	0.708	-5.42	0.000
R-Squared	0.482			
Adjusted R-Squared	0.471			

Source: Researcher Processed Data (2026)

Based on Table 1, the *R-squared* value of 0.482 indicates that political decisions explain 48.2% of the variance in Bitcoin prices. Sharp price declines occur primarily when political narratives focus on transaction bans or burdensome taxation. This discussion reinforces the argument that Bitcoin is no longer a "isolated island" separated from the global political system; instead, it has become a barometer of political sensitivity to digital financial innovation (Hidayat & Pratama, 2025).

Results of Hypothesis Test 2: GCG as a Moderating Variable

Further analysis used *Moderated Regression Analysis* (MRA) to test the role of GCG in mitigating the negative impact of politics. The results showed that the interaction variable (X .Z) has a positive coefficient of 1.250 with a significance of p = 0.002. This proves that GCG acts as a moderator that weakens (buffers) the negative influence of political decisions on Bitcoin prices, so that Hypothesis 2 (H2) **Moderated Regression Analysis (MRA)**accepted.

Table 2. Result of Moderated Regression Analysis (MRA)

Model	Coefficient	Std. Error	t-Statistic	Prob.
(Constant)	38,400	3,120	12.30	0.000
Political Decision (X)	-4,210	0.815	-5.16	0.000
Corporate Governance (Z)	2,150	0.450	4.77	0.000
Interaction (X*Z)	1,250	0.380	3.28	0.002

Source: Researcher Processed Data (2026)

The positive interaction in Table 2 indicates that at high levels of GCG, the negative impact of poor political decisions on Bitcoin prices is reduced. In other words, well-managed companies act as market stabilizers. When governments announce detrimental regulations, companies with high GCG are able to respond more rationally, supported by transparent risk management, thus preventing massive capital withdrawals by institutional investors (Fahri & Wijaya, 2024).

In-depth Discussion: The Anatomy of Transparency and Accountability

Why is GCG able to mitigate political impact? This discussion examines specific dimensions of GCG. First, transparency. In a digital ecosystem rife with speculation, corporate transparency regarding Bitcoin holdings and risk mitigation strategies provides public certainty. When geopolitical turmoil occurs, publicly traded companies report the status of their assets in *real time*, helping to reduce information asymmetry (Mulyani, 2023). This aligns with *Signaling Theory*, where good governance reports serve as a positive signal that digital assets are in safe and professional hands.

Second, accountability. An accountable board of directors will not make impulsive decisions to sell assets during short-term political tensions. They have long-term investment protocols approved by the audit committee. Research shows that Bitcoin price volatility is significantly lower during periods when large corporations (such as Bitcoin ETF holders) dominate the market compared to when the market is dominated by retail speculators (Nasution, 2022). This accountability creates an additional layer of trust that Bitcoin lacked in its early days.

Third, Independence. Companies with independent governance are able to separate their operational risks from direct political pressures. For example, large technology companies holding Bitcoin maintain their digital reserves despite the threat of uncertain fiscal regulation, because they view Bitcoin as a hedge *against* long-term inflation (Zulfa, 2025). This independence allows the market to view Bitcoin not simply as a commodity easily influenced by political rhetoric, but as a strategic asset with strong governance fundamentals.

Theoretical Implications: Revisiting Agency Theory

Theoretically, these findings extend *Agency Theory* to the scope of crypto assets. Agency conflicts between corporate managers and shareholders often escalate during political crises. Managers may be tempted to initiate rapid liquidation to secure short-term financial returns. However, this study demonstrates that strong GCG practices limit such opportunistic behavior. Good governance practices compel managers to act in the long-term interests of shareholders, which in this context means maintaining Bitcoin through cycles of political uncertainty (Rahman, 2026).

Furthermore, this study provides a new perspective on *Stakeholder Theory*. Bitcoin is no longer solely the preserve of the crypto community but has also involved a wide range *of stakeholders, including traditional financial institutions and regulators. The existence of GCG helps balance the interests of these stakeholders*. Transparent companies are able to foster better dialogue with regulators, which in turn can result in more moderate policies that do not undermine market value (Siregar & Utami, 2024).

Managerial Implications for Investors and Corporations

From a managerial perspective, the results of this study provide crucial guidance for investment managers. Investments in Bitcoin should not be based solely on graphical technical analysis but should also consider the governance profile of the major holding entities in the market. Investors are advised to allocate capital to crypto exchanges or mutual funds with transparent GCG audits (Pratama, 2023). This is because entities with poor governance will be the first to fall during a political crisis, while those with strong GCG will survive.

For companies considering incorporating Bitcoin into their balance sheets, strengthening internal governance structures is essential. Holding Bitcoin without a competent risk committee and clear disclosure policies will only exacerbate the company's risk profile in the event of global regulatory turmoil (Aditya & Wijaya, 2024). Companies must recognize that the market is now scrutinizing not only *what* is purchased, but *also how* those assets are institutionally managed.

Geopolitical Analysis and the Future of Digital Assets

This discussion also touches on broader geopolitical aspects. As the East and West compete for economic power, Bitcoin is often used as a tool in the currency war narrative. Political decisions to restrict the use of the dollar in international trade often trigger Bitcoin price spikes. However, these spikes are often followed by harsh political countermeasures from countries that perceive their monetary stability as threatened (Lubis, 2024).

This is where the role of GCG moderation becomes highly relevant globally. If international GCG standards for crypto assets can be universally agreed upon (for example, through the OECD or FATF frameworks), the negative impact of individual countries' political instability can be minimized. Global transparency in digital governance will create a more mature market that is less susceptible to manipulation driven by short-term political agendas (Saraswati, 2023).

Research Gaps and Limitations

While this study's findings provide significant insights, the researchers acknowledge its limitations. GCG measurement relies heavily on secondary data from public corporations, thus fa iling to capture the governance of private crypto exchanges, which are closed but have large transaction volumes. Furthermore, the dynamics of political decisions are rapidly changing, requiring *real-time* adjustments with AI technology to capture micro-sentiments that occur within minutes (Hidayat & Pratama, 2025). Future research is recommended to incorporate mass psychology variables as additional moderating variables to complement this governance and political perspective.

Conclusion

This study concludes that Bitcoin has transformed from a mere speculative asset into a financial instrument deeply integrated with global political dynamics. Empirical findings confirm that political decisions, particularly restrictive ones from the monetary authorities of major countries, have a significant negative impact on Bitcoin's price stability. This demonstrates that Bitcoin's decentralization narrative does not necessarily exempt it from systemic risks stemming from state policies and legal uncertainty (Aditya & Wijaya, 2024).

However, the main contribution of this research lies in demonstrating the role of *Good Corporate Governance* (GCG) as a moderating variable. The data shows that strong corporate governance practices including transparency, accountability, and disciplined risk management—can mitigate the destructive impact of political shocks on the value of digital assets. Companies with high GCG scores act as market stabilizers, preventing extreme volatility caused by investor panic. Thus, Bitcoin's future price stability depends not only on technology adoption but is fundamentally influenced by the quality of the institutional governance surrounding it (Fahri & Wijaya, 2024; Mulyani, 2023).

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