

## ABSTRACT

*Technology is growing at an incredible speed. Bitcoin is one of many kinds of Cryptocurrency that was intended to ease the peer-to-peer payment method where it's users can directly interact without the use of an intermediary. The value of Bitcoin is determined by the demand and offer without the interference of other parties so that it has an exchange value to other currencies that have a tendency to fluctuate. Bitcoin is increasingly in demand with the number of the service provider that provides the transaction of the buy and sell of Cryptocurrency in this case Bitcoin in the form of digital asset exchange especially in Malaysia.*

*This research was done to find out the development of the bitcoin economy, the growth of Bitcoin volatility, and the money supply in Malaysia, as well as to find out if there's an effect from the Bitcoin economy to the growth of Bitcoin volatility, an effect from the growth of Bitcoin volatility to the money supply in Malaysia, and an effect from the Bitcoin Economy to the money supply in Malaysia.*

*The data collection technique is secondary data collection. The data that was used is the time series data in a form of the numbers of service provider that provides the transaction of the buy and sell of virtual money in Malaysia in the period of January 2016 to June 2019, data of the growth of Bitcoin volatility in the period of January 2016 to June 2019, and the data of the money circulation (Money Supply) in Malaysia (M1) in the period of January 2016 to June 2019. Purposely to answer the question of this research the data is analyzed using the classic assumption, the simple linear regression test, and t-test.*

*A result of the data processing shown that the Bitcoin economy has a significant effect on the money supply in Malaysia. But, the Bitcoin economy doesn't affect the growth of Bitcoin volatility, and also the growth of Bitcoin volatility doesn't affect the Malaysia money supply. So we can conclude that Bitcoin is only used as an investment tool and not as a transaction tool in Malaysia so it doesn't affect the Malaysian monetary system.*

*This research is expected to be used as a reference for investing in Cryptocurrency as well as advice for providers of virtual currency transactions to provide education about Bitcoin investments to the public by regulatory provisions in force in the country concerned.*

*Keywords: Bitcoin economy, money supply, Growth of Bitcoin volatility*