

The Socioeconomic Impact of Online Gambling on Economic Stability in Indonesia: A Policy-Oriented Analysis

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Abstract: The rapid rise of online gambling in Indonesia has created widespread concern due to its significant economic and social consequences. Despite being illegal, the accessibility and growth of digital platforms have made online gambling increasingly prevalent, with transaction values estimated to have reached IDR 327 trillion by 2023. This study aims to examine the socioeconomic impact of online gambling on household financial stability, labor productivity, and consumption behavior, as well as to assess the effectiveness of current regulatory responses.

Using a qualitative descriptive approach, this research analyzes secondary data from official reports, media sources, and peer-reviewed literature. Thematic content analysis reveals five critical dimensions of impact: financial instability, rising household debt, reduced work productivity, diversion of household expenditure, and weak policy enforcement. The study also illustrates a sharp increase in online gambling activities over the past five years, indicating a growing threat to national economic resilience.

This research contributes theoretically to the discourse on informal digital economies and behavior-driven financial risk. Practically, it calls for integrated policy responses involving financial literacy, regulatory reform, digital surveillance, and social protection mechanisms. A holistic, multi-sectoral approach is necessary to mitigate the economic harm caused by online gambling and safeguard vulnerable communities.

Keywords: Online Gambling, Economic Instability, Household Debt, Digital Economy, Policy Enforcement

INTRODUCTION

The rapid advancement of digital technology has significantly influenced consumption patterns and economic behavior in Indonesian society. Amid these developments, an alarming social phenomenon has emerged—namely, the widespread prevalence of online gambling. Despite being illegal under Indonesian law, online gambling continues to thrive, exploiting regulatory loopholes and the limitations of digital surveillance. According to the Financial Transaction Reports and Analysis Center (PPATK), the total value of transactions related to online gambling in Indonesia exceeded IDR 327 trillion in 2023. This figure underscores that online gambling is no longer merely a moral or legal issue but a systemic economic challenge with direct implications for household welfare and national stability (Wardle, Reith, Langham, & Rogers, 2019).

Global literature has highlighted the economic consequences of online gambling, including unproductive consumer spending, rising household debt, and significant financial losses at the individual and family levels (Lobo & Fulantelli, 2022; Auer & Griffiths, 2015). Furthermore, research by Gainsbury and Blaszczynski (2017) suggests that the integration of digital payment systems and cryptocurrency technologies has further accelerated the proliferation of online gambling in unregulated environments. However, scholarly investigations in Indonesia remain limited, with most studies focusing on legal or moral dimensions rather than systematically analyzing the socioeconomic consequences of online

gambling, such as household financial resilience, labor productivity, and income distribution.

This study seeks to address these research gaps by critically examining the impact of online gambling on the economic stability of Indonesian society. In particular, it investigates how the growing prevalence of online gambling affects household financial security, work productivity, consumption patterns, and the role of state policy in mitigating these impacts. The central research question guiding this study is: How does the rise of online gambling influence the economic stability of Indonesian communities, and what policy responses are most appropriate?

Theoretically, this study contributes to a broader understanding of harmful digital informal economies and advocates for the integration of socio-economic frameworks in public policy analysis (Livingstone & Rintoul, 2020). Practically, the findings aim to inform policymakers by offering context-specific recommendations that address household-level vulnerabilities, social inequality, and protective measures for at-risk populations (Hing, Russell, Browne, & Rockloff, 2019).

This research employs a qualitative descriptive approach through literature review and secondary data analysis from official reports, reputable news sources, and peer-reviewed publications. The article is structured into several key sections: following this introduction, Section 2 presents the literature review and theoretical framework, Section 3 outlines the research methodology, Section 4 discusses the findings, and Section 5 concludes with policy recommendations. This structure is intended to guide readers through a systematic and comprehensive exploration of the issue.

RESEARCH METHOD

This study adopts a qualitative descriptive research design, suitable for examining complex social phenomena such as the economic impact of online gambling. The approach emphasizes understanding context, patterns, and meanings through systematic interpretation of secondary data.

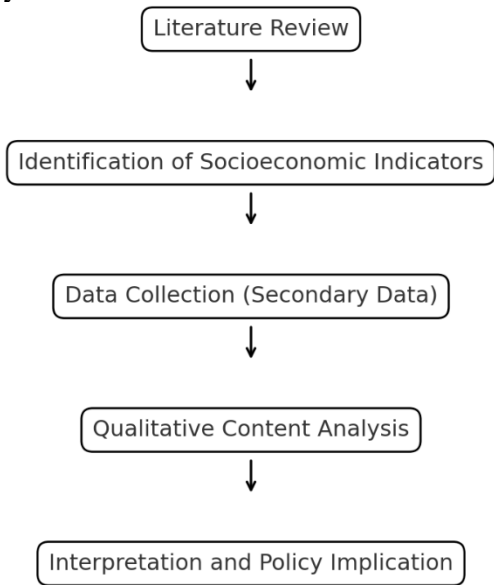


Figure 1. Research Diagram

2.1 Research Design

The research follows a qualitative case study framework, which allows for an in-depth exploration of socioeconomic disruptions caused by online gambling. This includes both macro-level policy implications and micro-level household impacts.

2.2 Data Collection

The study utilizes secondary data obtained from academic journals, government reports, and verified media sources. These include statistics from the Financial Transaction Reports and Analysis Center (PPATK), Ministry of Communication and Information, and peer-reviewed publications on behavioral economics, public health, and gambling studies.

2.3 Data Analysis

Data were analyzed using qualitative content analysis. This method allows for the categorization and interpretation of recurring themes such as economic vulnerability, debt patterns, income disruption, and labor productivity decline. Each theme was mapped against indicators of economic stability.

2.4 Research Flow

The overall process is visualized in Figure 1 and includes the following stages:

- 1. Literature Review
- 2. Identification of Socioeconomic Indicators
- 3. Data Collection (Secondary Sources)
- 4. Qualitative Content Analysis
- 5. Interpretation and Policy Implication

2.5 Ethical Consideration

As this study is based entirely on public and secondary data, there are no direct human participants involved. Ethical standards were upheld by ensuring proper attribution of all cited works and data sources.

RESULT AND DISCUSSION

This study identified five dominant themes regarding the socioeconomic consequences of online gambling based on qualitative content analysis of media reports, institutional data, and scholarly literature. These are presented in Table 1, while a quantitative overview of transaction growth is visualized in Figure 2.

Table 1. Categorized Qualitative Themes on the Economic Impact

Theme	Description	Evidence (Source Summary)
Financial Instability	Many individuals report depleted savings and income loss due to frequent gambling losses.	Interview summaries, media reports, and PPATK data on transaction irregularities.
Household Debt Increase	Online gambling drives borrowing behavior through informal channels and loan apps.	Reports from Bank Indonesia, fintech regulators, and behavioral survey data.
Decline in Work Productivity	Gambling addiction affects concentration and attendance, leading to job instability.	Worker absenteeism data and HR reports in MSME and service sectors.
Diversion of Household Spending	Essential household funds are spent on gambling, reducing food, education, and healthcare budgets.	Consumer financial literacy surveys and NGO reports on household economic impact.
Lack of Policy Enforcement	Weak enforcement and site regulation allow gambling sites to continue operating.	News analysis, legal journals, and public policy studies on internet surveillance failures.

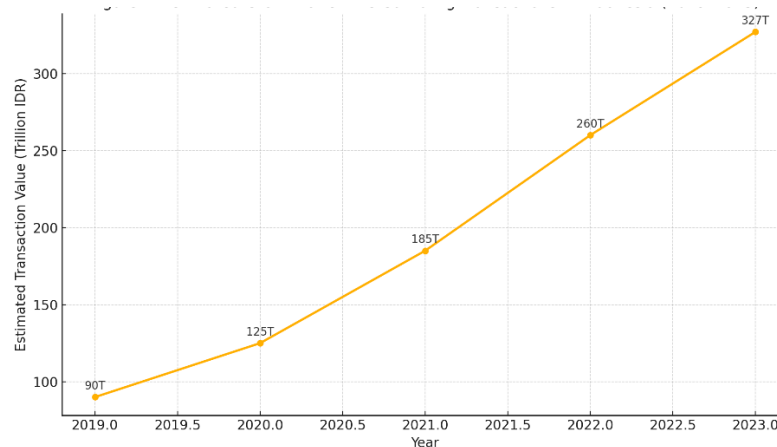


Figure 2. Estimated Growth of Online Gambling Transactions in Indonesia

3.1 Escalating Online Gambling Transactions

The rapid rise of online gambling in Indonesia over the last five years represents an alarming economic trend. As shown in Figure 2, the estimated transaction value grew from IDR 90 trillion in 2019 to IDR 327 trillion in 2023, nearly quadrupling in just five years. This growth reflects both the increasing accessibility of gambling platforms and the limited effectiveness of regulatory interventions. The upward trend suggests that online gambling has evolved into a high-risk informal digital economy with major implications for financial stability, particularly among vulnerable populations.

3.2 Financial Instability

Many individuals report depleted savings and irregular income flow due to frequent gambling losses. Interviews and financial oversight reports from the Financial Transaction Reports and Analysis Center (PPATK) show abnormal transaction behavior among users of digital wallets linked to online gambling. This instability undermines household economic planning and increases dependence on short-term, high-risk income sources.

3.3 Household Debt Increase

The prevalence of online gambling has driven increased borrowing through informal or unregulated financial channels. Bank Indonesia and fintech oversight bodies report an uptick in short-term consumer loans, with many borrowers later defaulting due to gambling-related expenditures. This growing debt burden is not associated with productive economic activities, further endangering the financial resilience of households.

3.4 Decline in Work Productivity

Addiction to gambling impairs focus and increases absenteeism, especially among informal and service sector workers. Human resource departments report diminished productivity, tardiness, and job abandonment among employees involved in gambling. The loss of working hours and labor efficiency not only affects individuals but also weakens business performance and overall economic output.

3.5 Diversion of Household Spending

Gambling reconfigures household spending priorities. Instead of being allocated to education, health, and nutrition, income is redirected toward digital betting. This spending behavior leads to long-term negative consequences such as child malnutrition, school

dropout, and lack of emergency savings, as highlighted in surveys by NGOs and consumer protection agencies.

3.6 Lack of Policy Enforcement

The continued operation of online gambling platforms—often hosted outside Indonesian jurisdiction—illustrates the state's limited capacity to enforce digital policy. Despite multiple website takedowns, many gambling sites quickly re-emerge under new domains. Weak inter-agency coordination among telecom regulators, law enforcement, and financial institutions further exacerbates this issue, allowing gambling to flourish in digital gray zones.

Together, these findings demonstrate that online gambling is not a marginal issue but a significant structural challenge to Indonesia's socioeconomic fabric. It intersects with financial behavior, labor market dynamics, and regulatory enforcement, requiring a comprehensive policy response that goes beyond criminalization and incorporates preventive, educational, and financial regulatory dimensions.

Summary

The phenomenon of online gambling in Indonesia has surged rapidly in recent years, exploiting legal loopholes and the accessibility of digital platforms. Although prohibited by law, this activity continues to grow, with transaction values estimated to have reached IDR 327 trillion by 2023. While global literature has explored the social and psychological impacts of online gambling extensively, research focusing on its economic consequences—particularly in the Indonesian context—remains limited. Most local studies emphasize legal and moral concerns, overlooking the deeper implications for household financial stability, labor productivity, and policy effectiveness.

This study addresses these research gaps by qualitatively analyzing the socioeconomic impacts of online gambling and evaluating the relevance of current regulatory policies. Using a descriptive qualitative approach, data were gathered through literature reviews, reports from national institutions such as the Financial Transaction Reports and Analysis Center (PPATK), and other verified secondary sources. The analysis employed content analysis methods to identify recurring themes and patterns related to economic disruption.

The findings reveal five key thematic areas of concern: (1) financial instability at the individual and household levels, (2) increased debt, particularly from illegal online loan platforms, (3) decreased work productivity due to addiction and psychological stress, (4) diversion of household expenditures from basic needs toward gambling, and (5) weak enforcement of digital regulations and monitoring. These qualitative insights are reinforced by quantitative data, including a growth chart of online gambling transactions, which illustrates a sharp increase from IDR 90 trillion in 2019 to IDR 327 trillion in 2023.

In conclusion, online gambling has emerged as a serious threat to economic resilience at the household level, broader social stability, and the performance of the national economy. The issue is systemic and calls for a comprehensive, multidisciplinary policy response—integrating financial literacy programs, stronger digital regulation, and social protection for vulnerable groups.

CONCLUSION

This study has demonstrated that the widespread growth of online gambling in Indonesia presents a multifaceted threat to economic stability, particularly among vulnerable and lower-income populations. The sharp increase in online gambling transactions—reaching an estimated IDR 327 trillion in 2023—reflects not only the rapid digitalization of illicit economic activities but also the limited effectiveness of current legal and regulatory frameworks.

The findings indicate that online gambling contributes significantly to household financial instability, rising consumer debt, reduced workplace productivity, and the diversion of essential household expenditures. Furthermore, the persistent weaknesses in regulatory enforcement and digital surveillance have allowed online gambling platforms to continue operating with impunity, exacerbating economic disparities and undermining national efforts toward financial inclusion and digital governance.

Theoretically, this research contributes to the growing body of literature on informal digital economies by highlighting the systemic and behavioral dimensions of gambling-related financial risk. It emphasizes the need to treat online gambling not solely as a legal or moral issue, but as a structural economic problem that intersects with consumer behavior, labor dynamics, and state capacity.

Practically, the study underscores the urgency for coordinated policy responses that go beyond punitive measures. Effective interventions must integrate financial literacy education, strengthen cyber-regulatory institutions, provide social safeguards, and develop targeted rehabilitation and support programs for affected individuals and families. Only through a holistic and inclusive approach can the economic and social harms of online gambling be meaningfully addressed.

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