

Legal Perspective of Cryptocurrency and Benefit to Economy and Society

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Abstract:

Cryptocurrency is a unique digital signature which is allotted to every individual that is a part of this whole network. This digital signature is used to identify which users have participated in the transaction. The capacity of each block is almost 1 Mb so each block can store in its thousands of transactions.

At present time used some cryptocurrencies Bitcoin (CRYPTO:BTC); Ethereum (CRYPTO:ETH); Tether (CRYPTO:USDT); BinanceCoin(CRYPTO:BNB); SDCoin (CRYPTO:USDC); XRP (CRYPTO:XRP); Terra (CRYPTO:LUNA); Solana (CRYPTO:SOL); Cardano(CRYPTO:ADA); Avalanche (CRYPTO:AVAX)

Bitcoin is considered the first cryptocurrency created, and other individual cryptocurrencies are known as "altcoins" (a combo word derived from "alternative coin"). The concept of Crypto-currency and bitcoin were first proposed in 2008 by someone using the pseudonym Satoshi Nakamoto, who described how cryptology and an open distributed ledger can be combined into digital currency application (Nakamoto 2008). The main aim of this research paper to conclude that how much extent benefit to the economy and society from the crypto-currency. And secondary aim is to judge legal acceptance of the cryptocurrency in the various countries.

Keyword: Cryptocurrency, Bitcoin, Legal, Digital Currency

INTRODUCTION:

The concept of electronic money goes all the way back to 1983, when it was proposed by computer scientist David Chaum. In 1989 Chaum attempted to make his vision a reality by founding DigiCash, the first company to use cryptographic protocols, such as public and private keys, to complete transactions electronically. DigiCash was never able to grow its user base and in 1998 declared bankruptcy, being sold for assets in 2002.

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Bitcoin is considered the first cryptocurrency created, and other individual cryptocurrencies are known as "altcoins" (a combo word derived from "alternative coin"). It's difficult to say which cryptos are the best ones, but Bitcoin and some of the largest altcoins out there are top-tier options because of their scalability, privacy, and the scope of functionality they support.

In use since 2009, bitcoin is the oldest decentralized cryptocurrency, setting the standard for crypto as we know it. In August 2014, the U.K. commissioned a study on crypto-currency and

what role it could play in its economy, focusing on regulation and consumer protection.

Official ban or an absolute ban means that transacting or holding digital currencies is a criminal offence. On the other hand, **an implicit ban** means that offering against services and dealing in digital currencies by exchanges, banks, and other financial institutions are prohibited.

Some cryptocurrencies are: Bitcoin (CRYPTO:BTC); Ethereum (CRYPTO:ETH); Tether (CRYPTO:USDT); BinanceCoin (CRYPTO:BNB); USDCoin (CRYPTO:USDC); XRP(CRYPTO:XRP); Terra (CRYPTO:LUNA) Solana (CRYPTO:SOL) Cardano (CRYPTO:ADA); Avalanche (CRYPTO:AVAX)

In June 2021, El Salvador became **the first country to adopt bitcoin as legal tender**, though its de facto adoption by the people has been a challenge for the Salvadoran government. In September 2021, China declared all cryptocurrency illegal. In March 2022, Biden signed an executive order calling for measures to ensure the protection of consumers

LEGAL ASPECT OF CRYPTO-CURRENCY OF VARIOUS COUNTIES

Countries Where Bitcoin is Legal Tender Money :

Legal tender refers to the money which can be legally used to make payments of debts or other obligations . There are 2 Countries accept Crypto as a Legal Tender :

S.No.	Country / Region	Date
1	Central African Republic	from 4/22/2022
2	El Salvador	from 6/8/2021

Countries Where Bitcoin Is Illegal Money : Money which cannot be used for make payments and other obligations that is called illegal money. There are 6 counties accept bitcoin as Legal Money

- Denmark.
- Germany.
- Japan.
- Switzerland.
- Spain.
- United Kingdom.

Countries Where Bitcoin Is Illegal While Bitcoin is welcomed in many parts of the world, several countries are wary of its volatility and decentralized nature. Some also perceive it as a threat to their current monetary systems while being concerned about its use to support illicit activities like drug trafficking, money laundering, and terrorism. Several nations have outright banned digital currency, while others have tried to cut off any banking and financial system support essential for its trading and use.

If U.S. find any problem of the economy with the Bitcoin, U.S. Pass any legislation which becomes illegal bitcoin. If you're using crypto for legal personal and business uses, there should be no reason to be incarcerated for using crypto. But bitcoin used for any criminal or illegal activities in this case you will go to jail. In many Counties, due to volatility of the crypto-currency and over destabilization provoke the criminal activities becomes illegal crypto-currency. Accounting of the crypto-currency is the second major issue.

Countries With Implicit Bans Many other countries have implicit bans for specific cryptocurrency uses

- Cameroon
- Central African Republic
- Gabon
- Guyana
- Lesotho
- Libya
- Zimbabwe

Countries With Absolute Bans

Several countries have absolute bans on cryptocurrency. A few of them are: 1 Qatar 2 Saudi Arabia 3 China

In India, during the covid period the fin-tech sector produces promising results. Crypto-currency collect too much popularity amongst Indian citizen such as bitcoin, ripple etc. and they take interest to invest their money in virtual currency. In November 2017, Government of India had blanket ban on private crypto-currency recommended by Inter ministerial committee. In 4th March 2020, quashed the earlier ban imposed by the RBI with the judgment of the Supreme Court. Towards the end of March 2021, Government of India instructed to the companies they have to disclose their final accounts and investments in crypto-currencies according to the latest amendment to the schedule III of the Companies Act 2013.

Union Finance Minister Nirmala Sitharaman on 16th March 2021 announced that Crypto –currency shall not be a complete ban- “we will allow a certain amount of window for people to experiment on Crypto-currency, bitcoin, and crpto-currency.” It would be a wiser pause, sit back and wait for the government to formulate clear regulations regarding cypto-currencies before running in the economy.

By Sapna Das | Sangam Singh Oct 20, 2023 11:17:27 PM IST (Updated) The Reserve Bank of India (RBI) governor Shaktikanta Das on Thursday, (October 20), reiterated the central bank's stance on the crypto ban. He spoke on day 1 of the three-day Kautilya Economic Conclave 2023.20 Oct 2023. **What are the rules for crypto currency in RBI?** The creation, trading or usage of VCs including Bitcoins, as a medium for payment are not authorised by any central bank or monetary authority. No regulatory approvals, registration or authorisation is stated to have been obtained by the entities concerned for carrying on such activities. and investors, as well as to explore the possibility of a U.S. central bank digital currency.

IMPACT OR BENEFIT TO THE ECONOMY

- 1 Financial Concern for government :** The cryptocurrency Bitcoin has raised financial concerns for governments worldwide. Despite its use for buying goods and services, there are still no uniform international laws that regulate Bitcoin. Many developed countries allow Bitcoin to be used, such as the U.S., Canada, and the U.K. Several countries, including China and Saudi Arabia, have made it illegal to use Bitcoin.
- 2 Crypto-currencies exchanged for fiat currencies :** Crypto-currencies exchanged for fiat currencies like the U.S. dollar using a digital wallet on a trading app . Purchasing coins of a crypto-currency is a speculative bet on the price movement of the digital currency which is highly volatile and is subject to the law of supply and demand , digital currency itself not a dynamic asset.

- 3 **Investment in cryptocurrency** : Once an investor has purchased a crypto, it can be held in account and used to verify transactions occurring on the block-chain network. This method of empowering a block-chain network that is called "proof of stake," and the owner of the crypto can earn a dividend by staking their holdings, which are usually paid in additional coins or tokens.
- 4 **Derivatives contracts** : Derivatives contracts are also available on Bitcoin and Ethereum from leading derivatives exchange CME group. Derivatives such as futures and options are primarily used as a hedge against price fluctuations in the underlying assets.
- 5 **Coinbase global market** : Coin 7.25% the largest trading platforms and currently supports more than 100 crypto-currencies (including most of the top 10 largest cryptos market cap). Binance is second top trading platform.
- 6 **Company Stock and Cryptocurrency** : Some apps are (Robinhood, Webull, Block's, "SQ 2.54% (formerly Square)Cash App, SoFi) are best platform to buy company stock and cryptocurrency from a single place. It don't support all account types like a full-service stock broker, but they have lots of functionality, combines basic crypto and stock trading with digital banking.
- 7 **Businesses can leverage Crypto-currencies in a variety of ways** : to gain an advantage over their competitors. They can streamline their core business, reduce transaction costs, and make intellectual property ownership and payments more transparent and automated (Felin and Lakhani 2018). Many researchers have discussed the application of Crypto-currency in business. After analyzing these studies, we believe that enterprises can consider applying Crypto-currency technology in the four aspects that follow.
- 8 **Accounting settlement and crowdfunding** : Bitcoin or another virtual currency supported by Crypto-currency technology can help businesses to solve funding-related problems. For instance, cryptocurrencies support companies who wish to implement non-cash payments and accounting settlement. The automation of electronic transaction management accounting improves the level of control of monetary business execution, both internally and externally (Zadorozhnyi et al. 2018). In addition, Crypto-currency technology represents an emerging source of venture capital crowdfunding (O'Dair and Owen 2019). Investors or Xu et al. Financial Innovation (2019) 5:27 Page 9 of 14 founders of enterprises can obtain alternative entrepreneurial finance through token sales or initial coin offerings. Companies can handle financial-related issues more flexibly by holding, transferring, and issuing digital currencies that are based on Crypto-currency technology.
- 9 **Data storage and sharing** : As the most valuable resource, data plays a vital role in every enterprise. Crypto-currency provide a reliable storage and efficient use of data (Novikov et al. 2018). As a decentralized and secure ledger, Crypto-currency can be used to manage digital asset for many kinds of companies (Dutra et al. 2018). Decentralized data storage means you do not give the data to a centralized agency but give it instead to people around the world because no one can tamper with the data on the Crypto-currency. Businesses can use Crypto-currency to store data, improve the transparency and security of the data, and prevent the data from being tampered with. At the same time, Crypto-currency also supports data sharing. For instance, all of the key parties in the accounting profession leverage an accountancy Crypto-currency to aggregate and share instances of practitioner misconduct across the country on a nearly real-time basis (Sheldon 2018).
- 10 **Supply chain management** : Crypto-currency technology has the potential to significantly change supply chain management (SCM) (Treiblmaier 2018). Recent adoptions of the Internet of Things and Crypto-currency technologies support better supply-chain provenance (Kim and Laskowski 2018).

When the product goes from the manufacturer to the customer, important data are recorded in the Crypto-currency. Companies can trace products and raw materials to effectively monitor product quality.

11 Smart trading : Businesses can build smart contracts on Crypto-currency, which is widely used to implement business collaborations in general and inter-organizational business processes in particular. Enterprises can automate transactions based on smart contracts on block chains without manual confirmation. For instance, businesses can file taxes automatically under smart contracts (Vishnevsky and Chekina 2018).

IMPACT OR BENEFIT TO THE SOCIETY:

- The cryptocurrency Bitcoin has raised financial concerns for governments worldwide.
- Despite its use for buying goods and services, there are still no uniform international laws that regulate Bitcoin.
- Many developed countries allow Bitcoin to be used, such as the U.S., Canada, and the U.K.
- Several countries, including China and Saudi Arabia, have made it illegal to use Bitcoin.
- Cryptocurrency regulations are still evolving worldwide as it continues to gain in use and acceptance. Many countries are expected to introduce legislation after (or when and if) the EU passes its MiCA proposal. The legislative landscape will likely continue changing as crypto matures into whatever it will be—an asset, legal tender, currency, a payment method, or all of the above.
- Investing in cryptocurrencies and other Initial Coin Offerings (“ICOs”) is highly risky and speculative, and this article is not a recommendation by Investopedia or the writer to invest in cryptocurrencies or other ICOs. Since each individual's situation is unique, a qualified professional should always be consulted before making financial decisions. Investopedia makes no representations or warranties as to the accuracy or timeliness of the information contained herein.
- Some negative Impact to society i.e. Financial instability creates unsatisfaction in the society.
- Fraud Scam with the consumers.
- Increase market Speculations due to uncertainty with cryptocurrency.
- Increase Money Laundering and illegal activities.
- Tax evasion possible due to difficult trace the transaction and tax.
- Crypto-currency is out of control from the central bank and government of any country.
- Crypto currency market stipulates are rife with scams, fraudulent initial coins offering (CICOs) and Ponzi schemes.

Limitation of the Study :

- We use data which are available in the Magazine, news paper and websites
- Consult some research papers.
- in WOS. In this process, we may have omitted some relevant research. Third, our recommendations have subjective limitations. We hope to initiate more research and discussions to address these points in the future.

Conclusion of this paper

Crypto-currency has unregulated market with a potential of over a trillion dollars. Some Countries has witnessed of a huge crypto-currency exchange. Popularity of the use of crypto-currency within a short

span and the potential revenue loss to their Government; the regulators and authorities noticed impact of crypto-currency to their economy and according to that various countries formulate rules according to their need of economy.

Bitcoin is the most popular crypto because it has picked up momentum among a young generation of consumers, but developers are always innovating new Crypto-currency tech. The other platform of crypto currency such as Ethereum a lot of value since they are used to build new software. For investors trying to , that decentralized Crypto-currency could remove third parties from business transactions and make payments around the world more efficient.

Businesses can benefit considerably from Crypto-currency technology. Therefore, we suggest that the application of Crypto-currency be taken into consideration when businesses have the following requirements: accounting settlement and crowdfunding, data storage and sharing, supply chain management, and smart trading. Our study has recognized some limitations. First, this paper only analyzes the literature in Web of Science Core Collection databases (WOS), which may lead to the incompleteness of the relevant literature. Second, we filter our literature base on the subject category Why Is Cryptocurrency Illegal?

In many countries, it isn't illegal; however, the countries that have made it illegal do so for many reasons. Volatility is one of the most often cited reasons, as is energy use, concerns over destabilization, or the ease with which criminal activities can be financed and conducted using them.

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