**Cryptocurrency status**

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The Sindh High Court (SHC) has issued a written order in response to a petition filed against the ban on cryptocurrency largely used for online transactions. According to media reports, the court ordered the government to regulate cyrptocurrency in consultation with all stakeholders, including representatives of the Security and Exchange Commission of Pakistan (SECP), State Bank of Pakistan (SBP), and the Ministries of Law and IT, within three months.

In April 2018, the SBP declared that all kinds of virtual and cryptocurrencies, including Bitcoin, Litecoin, Pakcoin, OneCoin, DasCoin and Pay Diamond, are not legal and not recognised, issued or guaranteed by the Pakistani government. “The SBP has not authorised or licensed any individual or entity for the issuance, sale, purchase, exchange or investment in any such virtual currencies/coins/tokens in Pakistan,” it stated. However, in a recent court hearing, SBP’s counsel took the position that the ban on cryptocurrency was imposed to prevent misuse, on which the court stressed the need for legislation in this regard.

Bitcoin, one of the most renowned and prominent cyptocurrencies, has become an interesting topic in Pakistan for the last many years. Many people are tilted towards becoming rich overnight by investing in cyptocurrency, whereas many people have lost their hard-earned savings due to online fraud and cheating.

Bitcoin was introduced around 12 years ago. In 2011, one Bitcoin was equivalent to just one US dollar. Interestingly, today, one Bitcoin is worth about $59,000. The dramatic change in its price has made Bitcoin the most favourite in the eyes of global investors, on the internet.

According to some reports, Pakistan is one of the world’s top countries where many people have invested heavily in cryptocurrencies. The US is at the eighth position on the same list. However, for most Pakistanis, Bitcoin is still a mystery. Due to a lack of knowledge, many people assume that digital currency and cryptocurrency are the same, but they are not. The money used as a result of bank transactions, internet banking or online payments from any electronic means is called digital currency, and it is legally operated under the central bank system. On the other hand, cryptocurrency is based on blockchain at the non-state level. The implementation of the Bitcoin mining process also requires a large number of computer machines, electricity, energy and other resources.

Although Pakistan has not yet regulated any form of cryptocurrency, various countries are currently working on it. There are reports that China is in the final stages of introducing its own cryptocurrency. Recently, El Salvador became the world’s first country where Bitcoin has been legalised. According to President Bukele, “It [Bitcoin] will bring financial inclusion, investment, tourism, innovation and economic development for our country.” Similarly, Brazil could also adopt Bitcoin in the near future.

Several internet activists, including entertainment personality Waqar Zaka, have been struggling for a long time to urge the Pakistani government for adoption of cryptocurrency. They are of the view that legalising cryptocurrency can pay off all debts of Pakistan. Similarly, people in Pakistan do not declare crypocurrency in their assets due to a lack of clarity, which is causing severe losses to the national exchequer. They are also not paying taxes despite having financial assets in the form of cyptocurrency.

The Covid-19 pandemic resulted in the devaluation of several world currencies, including the Pakistani rupee. However, Bitcoin has boosted the confidence of investors on keeping virtual assets. Many global businesses on the internet do accept Bitcoins. The currency is also being encouraged for buying video games and other online activities including video streaming.

However, the legitimacy of cryptocurrency in our country is still uncertain. The SBP, with the collaboration of the business community, must organise a national dialogue on the status of cryptocurrency so that legislation on this issue could be ensured in parliament.

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