

# Cryptocurrency and Bangladesh

## Introduction:

The word "currency" which is known as a system of money used as a medium of exchange for goods, services, securities and repayments of debts within an economy monitored by a country. Where the word "Cryptocurrency" has different meaning than the word "Currency" which is beyond any country's economic policy and status.

"Cryptocurrency" which is also known as "Crypto" is a virtual currency that is exchanged, operated and transferred through computer network where no government and bank authority has exclusive control over it for maintaining such currency unlike other traditional currencies i.e., US Dollar, Euro etc. It can be operated on a decentralized network based on a blockchain technology. This digital currencies and coins can be transferred without informing the third party on the other hand, in general banking system the government shall have record of any transaction. Cryptocurrency is also defined as Bitcoin (BTC), Ether (ETH), Ripple (XRP), Litecoin (LTC), Binance Coin (BNB) etc. Eventually, certain mobile applications i.e., Trust Wallet, Binance, eToro Wallet in mobile phones connected with the internet are enough to operate, invest, buy and sell cryptocurrency without showing one's true identity.

# Cryptocurrency and Bangladesh

## Acceptance of Crypto-currency:

The Legislators and Rule Organizing Authorities of developed countries have serious headache about the uprising popularity of the cryptocurrency. Therefore, countries like the United States of America (USA) have issued guidance on Bitcoin describing that the cryptocurrency exchanges payment process is related to the Money Services Business (MSB) and Bank Secrecy Act (BSA). Moreover, countries like The United Kingdom, Canada, Australia, France, Spain, Austria and Bahamas have appreciated the concept of this digital currency.

On the other side, countries like China, Saudi Arabia, Pakistan and Bangladesh realized that this digital currency might be a great threat to their current monetary system and this volatile currency may use in money laundering, drug trafficking, corruption, hacking, digital scamming, ransomware etc.

Democratic country like India is still in a dilemma to ban or accept the cryptocurrency as the Supreme Court of India has lifted the ban on cryptocurrency but there is no specific guideline or special law to regulate the cryptocurrency from the parliament of India.



# Cryptocurrency and Bangladesh

## Islamic Thoughts about Cryptocurrency:

Many Islamic scholars like Mufti Faraz Adam who is also a Fintech and Finance Consultant in the United Kingdom have argued that in accordance with the Shariah Law investing in cryptocurrency is halal. Specifically, in general monetary systems there is a procedure to receive bank interest or riba which is out and out prohibited in Islam. Elsewhere, the interest system or riba is not presented in the cryptocurrency converting system.

Contrariwise, many Islamic Scholars also argued that if the cryptocurrency transaction is used for illegal purposes which also makes such currency haram or prohibited in the eye of Islam. Islamically, some scholars also compared the cryptocurrency systems with gambling and raised question about the credibility of this rapid growing currency along with the uncertain risk.

# Cryptocurrency and Bangladesh

## Crypto in the eye of Bangladesh:

No Financial Institution, Specialized Financial Institution and Non-Bank Financial Institution have approved any transaction regarding cryptocurrency in Bangladesh which means cryptocurrency is treated as illegal in Bangladesh like China, Saudi Arabia, Pakistan. However, the previous Government's Ruling Party Awami League had disclosed National Blockchain Strategy in 2020. Currently, the country has a new ad-interim government which looks more promising in economic sector than the previous one and there is a hope that the current or upcoming Government may take initiatives to adopt digital currencies by ensuring zero tolerance against the corruption. Moreover, Bangladesh Bank Robbery also known as Bangladesh Bank Cyber Heist which took place in February, 2016 has shown a pathway to accept this digital currency as the Central Bank of a democratic country failed to defend its people's money where accepting such cryptocurrency will make the general banking system more competitive and secure.

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# Cryptocurrency and Bangladesh

## Crypto in the eye of Bangladesh:

In a circular and through its website on December 24 in 2017, the Bangladesh Bank has warned not to transfer, trade, convert, buy and sell any kind of cryptocurrency or digital coins. Transaction of such digital currency will be treated as an offence which shall be punishable under section-23(1) of the Foreign Exchange Regulation Act, 1947 where the imprisonment for such offence may extend to seven years along with confiscating such currency. However, the definition of a virtual, digital or cryptocurrency or even any term related to Bitcoin (BTC), Ether (ETH), Ripple (XRP), Litecoin (LTC), Binance Coin (BNB) has not been categorized in the section 2 (b) of the Foreign Exchange Regulation Act, 1947. Moreover, this globally recognized digital coins are regularized by new specific law and order in developed countries where Bangladesh Financial Institutions have not classified any act or regulation in this regard except the abovementioned warning.

At the present time, the economic condition of the South Asian countries including Bangladesh is vulnerable for the Russia-Ukraine War where under the leadership of Nobel Peace Prize Laureate Dr. Muhammad Yunus, the negative aspect regarding crypto-currency in Bangladesh may be amended.