TRENDS IN REGULATING ENCRYPTED COINS: A COMPARISON WITH DEVELOPED COUNTRIES

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ABSTRACT

Cryptocurrency is deemed to be one of the opening acts of this century. Due to it being unregulated and enticing to many, it has increasingly influenced the citizens of this country. It is a cornucopia of dynamicity resulting due to frequent technological advancements. Safeguarded by cryptography, cryptocurrencies are digitally encrypted currencies that render the occurrence of fraudulent transactions through distributed ledgers (blockchains) monitored by a decentralized network of computers. It is crucial to strike the equilibrium amongst innovation incentives since cryptocurrency has promptly entered the mainstream financial marketplace accelerating entrepreneurial financing. It calls for the implementation of multifaceted regulations in existing crypto-asset markets. Although enterprises have raced to the cryptocurrency sector anticipating its prosperity in the future, the government has made no conclusive attempts to pierce the sphere of cryptocurrencies. They have neither employed extensive steps to regulate these emerging trends, albeit keeping a careful eye on the events. The Indian government has responded by attempting to compose a bill to generate statutory provisions to regulate cryptocurrencies. India went from imposing a blanket ban on cryptocurrency to proposing a bill to regulate the sector. Cryptocurrencies are governed in diverse ways, and presently, it remains a predominantly uncharted legal territory. This research incorporates secondary data and seeks to provide a comparative analysis of how cryptocurrency is classified in developed countries versus India and how multiple diverse jurisdictions regulate or attempt to regulate them. Throughout the study, the status and legality of crypto as a currency are fiercely attested.

Keywords: Cryptocurrency, Regulation, Financial marketplace, Statutory provisions

INTRODUCTION

During the 2008 Great Recession, as skepticism of banks and their role in the monetary system intensified, the concept of Bitcoin, the first cryptocurrency, was developed. A white paper titled 'Bitcoin: A Peer-to-Peer Electronic Cash System'[1] was published by Satoshi Nakamoto, a moniker connected with an unknown individual or group of individuals. It presented a decentralized and peer-to-peer financial system to the entire world as a way to conduct business without the use of a middleman. To keep the network and its operations secure, the bitcoin system relies on cryptographic verification. All bitcoin transactions and the ledgers that record those transactions are publicly available. These distributed ledgers are then compiled into a Blockchain, which maintains bitcoin's security while also keeping track of transactions across the network. Every activity on a blockchain is public. Decentralized currency is comparable to the Internet in that it is not owned by a single body and is peer-to-peer, it does not have a central point of storage of information. Bitcoin is the first iteration of a cryptocurrency, being the first, it has several shortcomings and limitations. Altcoins are here to improve upon those. Altcoins (Alternative Coins) is a term used to describe all cryptocurrencies other than bitcoin, they were launched after bitcoin's success. They benchmark their inspiration for structure, philosophy, and design with bitcoin. The first altcoin was launched in 2011 and now there are over 20000 of them[2]. They generally project themselves as better replacements for bitcoin by targeting back draws that bitcoin has and coming up with competitive advantages in newer versions. By differentiating themselves from Bitcoin, altcoins have created a market for themselves. Cryptos do not have an innate value. No central authority, institution, or agency has jurisdiction over them or guarantees the currency's value. These factors among other things allow a significant lot of autonomy in how one utilizes money in cryptocurrencies. As a result, the currency is gaining its ground in India and is extensively used. The researchers in this study will assess and contrast the legal status of cryptocurrencies in India, the United States, and Japan to see if they will promote economic growth or if it is too volatile to be labeled a currency. On one hand, the Indian government is cautious of cryptocurrencies and condemns their legality and on the other hand, governments in the United States and Japan, have favorable regulations.

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[1] Satoshi Nakamoto, "Bitcoin: A Peer-to-Peer Electronic Cash System." (2008), Cryptography Mailing list at https://metzdowd.com

[2] https://coinmarketcap.com/ (Visited on July 10, 2022)

Literature review

Benjamin W. Akins et al.[3] (2014) The author states that the crypto economy continues to grow faster than the law's ability to adapt. Many have started adopting and accepting crypto [especially Bitcoin] as a mode of payment. Due to its characteristics like low fees, peer-to-peer technology, privacy, etc.

Sushilkumar M. Parmar[4] (2014) According to the author, the need of the hour is to regulate virtual currencies, even though they are at their infancy stage, they hold a great future. He says so by comparing virtual currencies with fiat currencies.

W Srokosz[5] (2015) The author studies legal and economic issues connected with cryptocurrencies and classifies cryptocurrencies as private money, and unlike other currencies, he believes that the future of cryptocurrencies will be decided by public confidence. As we have already seen, they have been widely accepted by the general public.

Warren E. Weber[6] (2016) The author imagines a world in which currencies are valued against the bitcoin standard. It allows standardized interest rates and eliminates arbitrage costs. But he also states reasons why it won't happen because the government and central banks will take actions to prevent it.

OBJECTIVE

- To evaluate the legal status of cryptocurrencies in India so far and where it stands currently.

- To compare India's current crypto legislation to that of the United States and Japan to ascertain two very different economic situations and regulatory approaches to the industry.

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[3] Benjamin W. Akins et al, "A Whole New World: Income Tax Considerations of the Bitcoin Economy." 25-56 *Pittsburgh Tax Review* (2014).

[4] Sushilkumar M. Parmar "Virtual Currency: A Theoretical Review." 51-55 *JRHSS* (2014).

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[6] Warren E. Weber, 2016. "A Bitcoin Standard: Lessons from the Gold Standard," *Staff Working Papers* 16-14, Bank of Canada.

METHODOLOGY

The researchers' utilized qualitative methodology to achieve the objective of the paper. Secondary data was gathered and evaluated from extensive streams, including daily reports, journals, magazines, books, newspapers, and websites. A comparison was done with the regulations of other countries and the consequences they have experienced.

MISCONCEPTIONS REGARDING BITCOIN / CRYPTOCURRENCIES

Cryptocurrencies are difficult to understand with ease at once, this brings a lot of confusion about the use and abuse of these currencies. As Bitcoin is the first cryptocurrency and holds the first spot ever since its inception, the entire crypto market follows the trend of Bitcoin. Hence the subtitle 'Bitcoin/Cryptocurrencies'.

Here are some of the rumors, and myths along with examined facts to help decide the truth or falsehood.

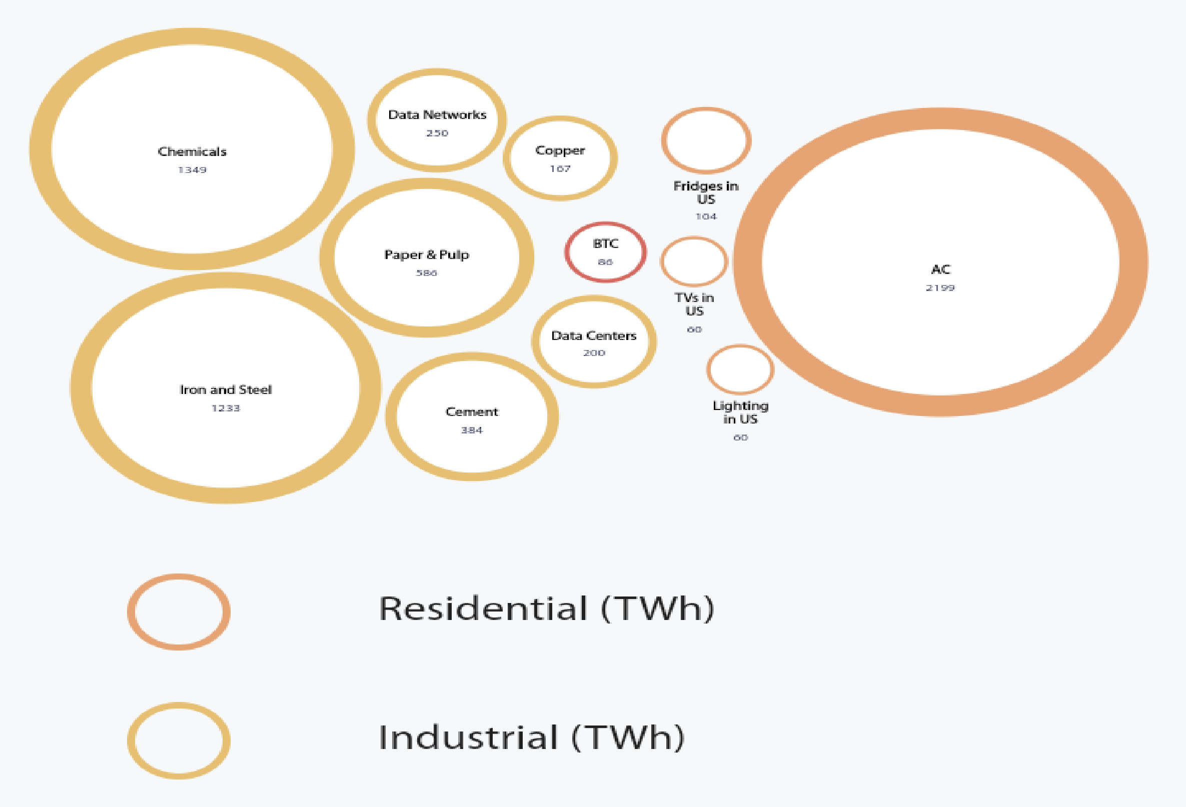
Bitcoin consumes a significant amount of energy

The reason Bitcoin doesn't need a third-party authenticator is that it is managed by a decentralized network of Bitcoin users called miners. Miners need a lot of processing power to safeguard the $1 trillion network and offer services to millions of customers. In the early days, when Bitcoin was less popular, it was worth little but as time passed and its popularity grew, electricity consumption too grew from less than a penny to peaking at over $50000 per coin mined.

According to the Cambridge Center for Alternative Finance (CCAF)[7], Bitcoin currently consumes approximately 84.7 Terawatt Hours annually or 0.38 percent of the world's electrical production. This is a decrease from the earlier estimate of 0.6 percent, which occurred as a result of the recent collapse in price. Traditional banking methods, however, use a lot more energy in contrast. Although Bitcoin consumes energy and requires effort to solve, it is still a good idea.

Here is a chart showing comparative estimates of electricity consumption of various sectors and Bitcoin.

[7] https://ccaf.io/cbeci/index (Visited on July 10, 2022)



Source U.S. Energy Information Administration, Annual Energy Outlook (2021), 2020 est.[8]

Bitcoin is too volatile

Comparatively speaking to other types of investments, Crypto is still in its early stages. This leads to considerable volatility because investors are experimenting with their funds to quickly accumulate wealth and to see how cryptocurrency prices vary or whether they may affect the market. The news of COVID-19 starting to circulate in early 2020 and China (the largest crypto market) announcing a complete ban on all crypto-related activities in September 2021 are two recent instances of the price of cryptocurrencies experiencing extreme volatility. However, as adoption increases, Bitcoin's volatility is diminishing over the years.

Bitcoin is easy money

True, bitcoin was worth less than a dollar a little more than a decade ago, but it has now risen to an all-time high of $69000, making its early investors millionaires and even billionaires. It has outperformed expectations, but it does not guarantee that it will continue to do so at the same pace. It's prudent to exercise caution when investing in something with a multiple-fold increase in value. People simply buy bitcoin and hold it until it rises in value, at which point

[8] https://www.eia.gov (Visited on July 10, 2022)

they sell. However, we should be cautious with crypto, as we have seen abrupt drops after a currency reaches its all-time high. During these dips in form, prices fall, often by more than 50%, and people have to wait months or even years to recover their investment.

Cryptocurrency is a bubble

Many consider blockchain to be the future of finance due to its anti-corruption and security qualities. When the internet was first introduced, the dot-com bubble created thousands of firms that failed overnight, but it also left us with some jewels like Amazon, Microsoft, Google, and Apple, which have transformed our way of life. Consider whether cryptocurrencies are a bubble in the same way. Technology such as NFTs, DeFi, Blockchain, Dapps, and Smart Contracts was invented as a result of the bubble, and these would impact the future of the internet, transforming our world. Nobody knows what the future holds.

A bubble is when the price of asset booms multiple folds, significantly more than its actual value, in a short period. While on the contrary Bitcoin has been in existence for over a decade and has gone through several bull and bear cycles just like other forms of investments. Bitcoin is becoming a serious asset class with over a $1 trillion market cap.

Bitcoin is good for money laundering and criminal activities

Cryptocurrencies indeed served as a secure, convenient, and anonymous payment method for numerous criminal enterprises, including the Silk Road (2011–2013), which provided a secure trading environment for drug sellers. However, after becoming aware of the underground market, the Federal Bureau of Investigation (FBI) conducted a raid and shut it down. Since then, less and less cryptocurrency has been used for illegal purposes. Due to the traceability of Bitcoin transactions, law enforcement has been able to locate several drug dealers.

According to a study by Chainalysis[9] (cryptocurrency investigation and transaction monitoring solutions), the amount of criminal activity involving Bitcoin fell from 2.1 percent in 2019 to 0.5 percent in 2021, with tiny frauds accounting for the majority of the activity. Contrarily, the UN[10] believes that $1.6 trillion in cash is laundered annually; but, because of its nature, cash cannot be monitored.

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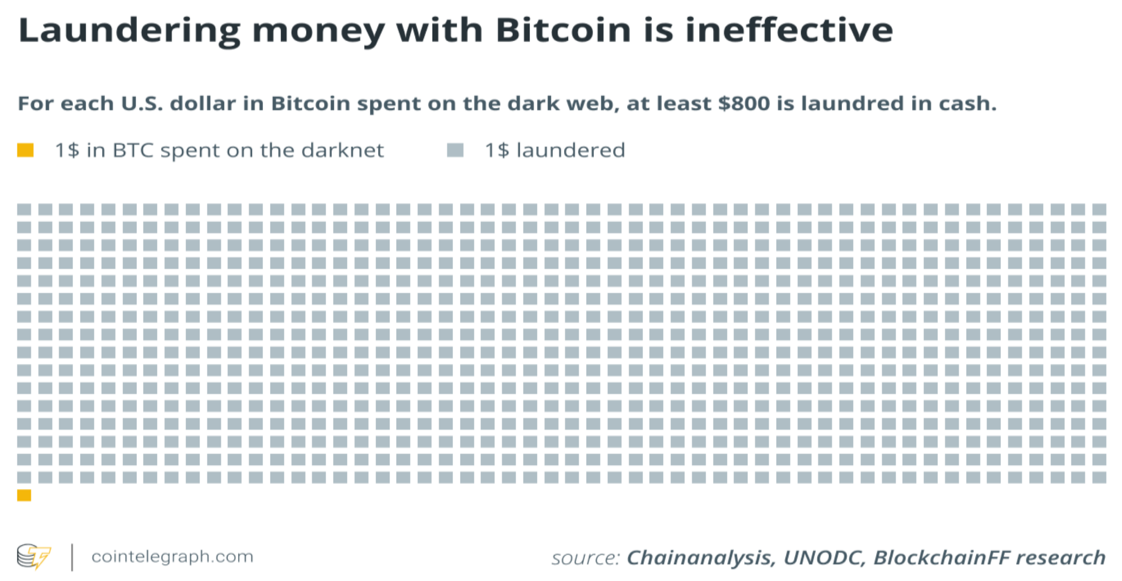
[9] https://blog.chainalysis.com/reports (Visited on July 10, 2022)
[10] https://www.un.org/development (Visited on July 10, 2022)

Here is a chart from CoinTelegraph that illustrates how at least $800 in cash is laundered for every $1 worth of bitcoin used for illegal activity.



Bitcoin is backed by Nothing

Money has not been backed by gold, silver, or bronze for decades now. This is how cryptocurrencies should be considered too. Cryptocurrency like Bitcoin is not backed by any asset, the same way in which fiat isn't backed by any asset because they are backed by faith in the government, with the confidence that they will be accepted in exchange for something else. Gold, Silver, Fiat currency, and Bitcoin are backed by the belief that they are worth something and people will be able to trade them for what they need. The value of Bitcoin is determined by the demand and supply, scarcity (since its supply is capped at 21 million, Its supply can't be forcefully inflated), low trade fee and time, etc. Bitcoin doesn't need to be backed by anything tangible to be valuable, much of its value derives from users' trust.

INDIA'S REGULATORY HISTORY

India has had a tumultuous history with digital currencies, which have been in legal limbo for a long time. The government of India has taken a cautious approach in the last decade while staying quiet on the legitimacy of its utilization; they have not banned crypto, but they haven't exactly endorsed it. Also, the operator of currency in the country, the Reserve Bank of India (RBI) is skeptical and unsupportive when it comes to cryptocurrency and has voiced concerns regarding the lack of safeguards. This time frame, which spanned 2008-2012, could be referred to as "before times". Satoshi mined Bitcoin's genesis block in the aftermath of the 2008 global financial crisis, leading to the inception of bitcoin. It drew the attention of developers. Within the country, small-scale bitcoin transactions were taking place. Only crypto enthusiasts were interested in bitcoin in the early days, and because cryptocurrency was not a viable economic force, neither India nor any other nation had any regulations in place. But they were still experimenting with the then-esoteric technology and its applications. Between 2013 and 2017, the RBI considered the utilization of crypto in open markets and has been successful in consistently warning and advising its citizens, by providing several financial advisories on the risk of the usage of virtual currencies, claiming they pose a threat to the country's financial and macroeconomic stability. The ministry of finance also issued several advisories and compared cryptocurrencies to Ponzi schemes. In November 2017, the Ministry of Finance formed a government inter-ministerial committee (IMC)[11] to analyze and evaluate the issues surrounding virtual currencies. In February 2019, the committee arrived at its conclusions, citing many financial dangers linked with them and recommending a ban on all "private cryptocurrencies". It also proposed a draft bill titled 'Banning of Cryptocurrency & Regulation of Official Digital Currency Bill, 2019' to prohibit the usage of cryptocurrencies in the country and pave the path for an official digital currency; however, the bill was not tabled. In April 2018, the RBI promulgated a circular prohibiting banks and other financial institutions regulated by it from supporting transactions related to virtual currencies or providing services to any institution dealing in virtual currencies, noting the risks connected with them. The RBI's broad regulation outlawed cryptocurrency trading on domestic exchanges and made existing crypto exchanges inoperable. This was a big setback for cryptocurrencies, effectively prohibiting their use in India. The crypto holders of the country were aggrieved and soon petitions were filed in the Honourable Supreme Court of India. In 2019, a petition was filed by the Indian exchanges with the Supreme Court in *Internet and Mobile Association of India v. Reserve Bank of India*[12] challenging the legality of the circular issued by RBI and seeking an order for its non-enforcement. In March 2020, a bench of three judges of the Supreme Court of India passed the verdict and struck down the RBI ban on cryptocurrency trade declaring the circular unconstitutional, as observed by the court, the restriction must be reasonable to the danger of harm and one of the reasons cited included that *"Cryptocurrencies are unregulated but not illegal in India"*. The judgment was based on proportionality and the court acknowledged that

[11] https://pib.gov.in/PressReleasePage (Visited on July 10, 2022)
[12] 2020 SCC Online SC 275

the RBI has the authority to regulate the cryptocurrency sector. Ever since the judgment, cryptocurrency has become one of the most widely discussed investment options.

RECENT EVENTS

The RBI published a circular in May 2021[13], declaring its 2018 circular unlawful as a result of the Supreme Court ruling. Cryptocurrency is here to stay for the foreseeable future, and it cannot be entirely banned. One of the best steps would be to regulate it, which is what the government is looking ahead to, by proposing to formally tax crypto gains in the budget bill. The Lok Sabha released a bulletin on the conduct of the winter session in November 2021, "The Cryptocurrency and Regulation of Official Digital Currency Bill of 2021"[14] was tabled to acknowledge the grey area of cryptocurrency, set a facilitating framework for RBI's official digital rupee and encourage the underlying blockchain technology while prohibiting the legalization of private cryptocurrency. Unfortunately, the cryptocurrency bill did not make it to the table in the winter session. This was for the second time, the first being the budget session in February 2021.

After years of uncertainty, India took a step closer to accepting cryptocurrency in 2022. In her union budget statement for the fiscal year 2022-23, Finance Minister Smt. Nirmala Sitharaman declared that the RBI will debut its official digital currency in the coming fiscal year[15], adding that the digital rupee will bring in cheaper, more efficient currency management. She also claimed that the government aims to tax profits from the sale of virtual digital assets, such as cryptocurrency and Non-Fungible Tokens (NFTs) at a rate of 30%. It announced a 1% tax deducted at source (TDS) on transfers of such assets above a certain ceiling, which will help authorities track cryptocurrency activity in the country. It's also worth noting that crypto gifts will be taxed at the recipient's end, and any losses on these crypto assets will not be offset by other income streams or carried forward to future years. Despite the hefty tax rates, crypto enthusiasts applauded the action since it provided the cryptocurrency some recognition in India. After a few days, the finance minister responded, claiming that the country's position on whether or not to restrict cryptocurrencies had nothing to do with the recently announced taxation[16]. This dealt an additional blow to the sector. Smt. Sitharaman also informed

[13] https://m.rbi.org.in//Scripts (Visited on July 10, 2022)
[14] http://loksabhadocs.nic.in/bull2mk/2021/23.11.21.pdf
[15] https://www.indiabudget.gov.in/doc/budget_speech.pdf
[16] https://www.financialexpress.com (Visited on July 10, 2022)

Parliament that a decision on whether or not to ban private cryptocurrencies will be made based on stakeholder consultations and that any formal stance on regulation will come only after the ongoing consultations are concluded. India's crypto legislation is still in the works; it must first be authorized by the Cabinet, the country's highest decision-making body before it can be introduced in Parliament. It's already been a week since the announced new tax regulations went into force on 1st April. The volume of cryptocurrency trading on Indian exchanges such as WazirX, CoinDCX, and ZebPay has almost halved since the application of taxes[17]. In the Monetary Policy Committee (MPC) meeting, RBI governor Sri. Shaktikanta Das reaffirmed his concern regarding crypto, saying it might influence financial stability. The governor claimed cryptocurrency has no inert value.

While some anxiety concerning cryptocurrencies is legitimate, recent Reserve Bank of India remarks comparing cryptocurrencies to a Ponzi scheme and the tulip bubble or worse and advocating for an outright ban is unjust. This lack of clarity on legislation surrounding cryptocurrencies is predicted to discourage crypto investments while also causing a Web 3.0 developer brain drain from the country. This is troubling because Web 3.0, which is being lauded as the next internet revolution, has the potential to boost India's economy. Web 3.0 and digital assets might add $1.1 trillion to India's GDP over the next decade according to a report from the US India Strategic Partnership Forum and Cross Tower.

ANALYSIS OF DEVELOPED COUNTRIES

Regulations in the United States of America

Despite having a large number of cryptocurrency investors and blockchain organizations, the United States has yet to establish a clear regulatory framework. They've taken substantial initiatives to encourage innovation and grow cryptocurrency while also protecting traders from excessive risks and fraud. Cryptocurrency has attracted the attention of both the federal and state governments. On the national level, The majority of the focus has been on the administrative and agency levels. The Securities and Exchange Commission (SEC), the federal regulator, has identified cryptocurrencies as a security, the Commodity Futures Trading Commission (CFTC) has designated bitcoin as a commodity, and the Federal Treasury has

[17] https://nomics.com/exchanges/locations/asia/india (Visited on July 10, 2022)

designated bitcoin as a currency. The Internal Revenue Service (IRS) considers cryptocurrency to be property and has issued tax guidelines on the subject.[18]

In the United States, cryptocurrency exchanges are legal and controlled by the Bank Secrecy Act (BSA). They must register with the Financial Crimes Enforcement Network (FinCEN), which does not consider cryptocurrency to be legal but considers cryptocurrency exchanges to be money transmitters with cryptocurrency tokens being used as currency replacements. Anti-money laundering (AML) and counter-terrorist financing (CFT) regulations must also be followed.[19]

Even though these agencies have been active participants, there has been little formal rulemaking. Many Federal agencies and lawmakers have praised the technology as an important part of the country's future, emphasizing the need for the US to maintain its leadership position in its development. Several state governments, on the other hand, have suggested or approved cryptocurrency-related laws. There have typically been two types of regulation at the state level. Some states have tried to promote the technology by bypassing legislation exempting cryptocurrencies from state securities and money transfer regulations. Some have cautioned against investing in cryptocurrencies.

Regulations in Japan

The individual who came up with the idea for Bitcoin went by the name of Satoshi Nakamoto. Since the beginning, Japan has been active with cryptocurrencies. Satoshi Nakamoto will forever link Bitcoin to Japan.

Japan leads the entire world in terms of cryptocurrency acceptance and legalization. The Payment Services Act (PSA) recognizes cryptocurrencies as legal property, and the country's largest cryptocurrency exchanges are registered as financial services organizations with the Financial Services Agency (FSA) and adhere to anti-money laundering and anti-terrorist financing obligations. Japan is the first and only country to recognize cryptocurrencies within the legal system, allowing its residents to engage in the cryptocurrency market legally.

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[18] Krisztian Sandor, 2022. "Is Bitcoin legal in the United States?", CoinDesk, *available at:* https://www.coindesk.com (Visited on July 10, 2022)
[19] https://complyadvantage.com (Visited on July 10, 2022)

Even with anti-money laundering regulations in place at Japanese exchanges, many organized crimes took place using Monero, ZCash, and Dash to launder money. As a result, even though privacy coins provide optional anonymity that only a small number of users use, the FSA announced that their trade would be forbidden in the future in the country. As a result of the new law, major Japanese exchanges have withdrawn several key privacy currencies from their trading platforms.[20]

LAWS INDIRECTLY REGULATING THE INDIAN CRYPTOCURRENCY MARKET

Cryptocurrency is neither regulated nor banned in India. Individuals and businesses are permitted to hold, invest in, and trade cryptocurrencies as long as all applicable regulations are followed. Furthermore, any bank or other RBI-regulated institution will be expected to do due diligence in compliance with existing laws and regulations.

The Information Technology (IT) Act, 2000[21]

A corporation, such as a virtual currency provider or exchange, that collects sensitive personal or financial information about its users to allow credit card purchases of virtual currency must consider retaining and securely storing that information. Otherwise, they risk violating the IT Act's data privacy and security provisions, which require everyone who handles data to adhere to strict rules. These rules address the fact that data is being collected and why it is being collected, as well as the creation and posting of a privacy policy and the secure and safe storage of data.

The Public Gambling Act, 1867[22]

Some operators employ virtual currency as a prize in virtual lotteries, while others let users wager and play gambling games with it. These kinds of games, as well as online gambling with virtual currency, may violate gambling regulations. Any type of gambling in the country is considered unlawful under the Public Gambling Act of 1867. Given the wording of the act, it may be stated that establishing a gambling website in India is unlawful, although this is far

[20] https://www.skalex.io (Visited on July 10, 2022)

[21] The Information Technology Act, 2000 (as amended by the Information Technology Amendment Act, 2008) read with the Information Technology [Reasonable Security Practices And Procedures And Sensitive Personal Data Or Information] Rules, 2011 (SPDI Rules) (Articles-43A, 72, 72A), *available at:* https://www.legal500.com/ (Visited on 10 July, 2022)

[22] The Public Gambling Act, 1867, *available at:* https://indiankanoon.org/doc (Visited on 10 July, 2022)

from certain. When it comes to gambling on servers situated overseas, this act is quiet because it was enacted long before the internet was invented. It's possible that online gambling exists in a grey area.

The Credit Information Companies (Regulation) (CIC) Act, 2005[23]

The CICRA Laws give credit information sensitivity a lot of weight. The Act requirements can be implemented because cryptocurrency platforms have become popular for a variety of operations such as storing, sending, purchasing, selling, and exchanging the value of cryptocurrency. According to this act, the bodies that gather credit information of Indian citizens might be held accountable if the information is leaked or disclosed unauthorizedly. Given the large number of people involved, such acts are beneficial for the protection of the personal data of those involved.

The Companies Act, 2013[24]

As cryptocurrency becomes more popular, operators are increasingly partnering with third-party authorized money changers (AMCs) who are authorized by the RBI, AMC's allow users to redeem or exchange their cryptocurrencies for products such as fiat currencies. Know Your Customer (KYC), Anti-Money Laundering (AML), and Counter-Terrorism Financing (CFT) rules must all be followed. Issuers must preserve a log of all transactions for at least ten years. These laws may affect cryptocurrency provider collaboration, but they will also govern virtual currency transmission behaviour. The schedule 3 of Companies Act was amended in March 2021, requiring cryptocurrency companies to report their earnings, currency transfers, current holdings, and other information to the authorities.

The Convention on the Rights of the Child (CRC), 1989[25]

Since a huge percentage of online gamers are kids, online game websites that require cryptocurrencies to function or award cryptocurrency for completing in-game activities are likely to be prosecuted under child protection laws. These laws ensure that children's privacy is protected to the fullest extent possible. The CRC imposes severe duties to protect minors

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[23] The Credit Information Companies Regulation Act, 2005, *available at:* https://www.equifax.co.in (Visited on 10 July, 2022)
[24] The Companies Act, 2013, *available at:* https://e-book.icsi.edu/default.aspx (Visited on 10 July, 2022)
[25] The Credit Information Companies Regulation Act, 2005 (Article-16), *available at:* https://archive.crin.org/ (Visited on July 10, 2022)

under the age of 13 by limiting the types of information gathered and requiring explanations as to why it is being collected, it also requires operators to acquire parental consent before collecting or utilizing children's data in several circumstances.

CONCLUSION

It is technically impossible to block the inflow of cryptocurrencies due to their decentralized structure and the simplicity with which they can be transferred. As per The Honourable Supreme Court's order, cryptocurrency bans are unconstitutional and they usually result in unforeseen consequences. Rather than banning cryptocurrencies, India should focus on enacting appropriate legislation to regulate them. Smt. Sitharaman clarified in previous comments that the long-awaited crypto bill is not the same as the 2019 proposal[26], which took a hard line against any kind of crypto activity. A regulatory framework that is supported by both the Reserve Bank of India and the government is required. Despite several countries gaining hands-on experience with blockchain, a developing country like India must adopt these technologies to keep up with the times. Cyber organizations should be established to detect related transactions. The implementation of a nationalized digital currency could have a good economic impact. The new regulation should ensure that the danger of money laundering or terrorism financing linked with crypto transactions is assessed using effective levels of verification. Japan's and the United States' regulators have taken a hands-off approach to crypto legislation, allowing digital assets to thrive and evolve. They are prepared to set the model for other countries on how to govern Cryptocurrency in 2022 and beyond.

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