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# Global Cryptocurrency Regulation: A Comparative Analysis using India as a Benchmark

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## ABSTRACT

*The rapid expansion of the global cryptocurrency market has created deep inconsistencies in national regulatory responses of sovereign countries and has raised questions regarding policies, innovation, and state motives. This paper conducts a comparative analysis of global cryptocurrency regulation using India as a benchmark to explore how economies of the world create a balance between decentralization and regulation. Drawing from the economic contexts, regulatory frameworks, judicial interventions, and policies of nations across Asia, the Americas, Europe, Asia, the Middle East, and Oceania; the study inspects and identifies a variety of regulatory models, ranging from prohibitionist and control-centric regimes to liberal regimes that embrace innovation.*

**Keywords:** Global Cryptocurrency Regulation, Crypto-Assets Regulatory frameworks, International Crypto Policy, Comparative Cryptocurrency Regulation, Cryptocurrency Governance.

## INTRODUCTION

Cryptocurrency, once termed an unknown digital fad, has evolved into a major force in the global financial ecosystem. Crypto is now a \$3 trillion market, and the market capitalization of Bitcoin, that is \$2 Trillion as of May 2025 (“Bitcoin price today, BTC to USD live price, market cap and chart”), which out of an examined list of 181 countries only is superseded by the GDPs of 10 countries (“GDP by Country”), making it undeniable that these decentralized digital assets have a major impact on the global economy, which will only continue to grow. Cryptocurrencies represent a significant shift on how we operate financial systems; they challenge the authority of central banks, change the traditional perceptions of ownership, and decentralize power. They have the potential to reshape how individuals, institutions, and governments use money. In sight of this growing adoption of crypto, it has never been more crucial and complex to question its regulation. The absence of an international, unified regulatory framework due to the decentralized nature of these assets has created disparities amongst the sovereign authority and regulation of various countries over cryptocurrency, ranging from liberal and permissive to restrictive with outright bans on its usage. Without thoughtful regulation, the blockchain becomes a prime target of illicit transactions and a hub for cybercriminals, as has been seen on multiple occasions before; while overregulation can destroy its decentralized nature, essence, and purpose that crypto visionaries like Satoshi Nakamoto had in mind.

Bitcoin, being the first and currently the largest cryptocurrency, that made the idea of a decentralized digital currency mainstream through cryptographic verification, limited supply, and being stored on a blockchain, has seen dramatically varying regulatory responses from countries (“Chapter 2- Bitcoin: Beginning of the Cryptocurrency Era” 26). El Salvador is the most famous example of a liberal approach towards cryptocurrencies, making Bitcoin legal tender in 2021, being the only country to do so (the legal tender status of Bitcoin was subsequently revoked in early 2025). Algeria and China are the most restrictive, making it illegal to trade or mine cryptocurrencies citing financial stability and security reasons. Most other countries fall somewhere in between, being either liberal but not to the extent of considering crypto legal tender, or conservative but not to the extent of illegalizing the use of crypto. This inconsistency among cryptocurrency laws allows for cyber attackers to take advantage, further advantaged by the untraceable nature of crypto. This is a particularly big opportunity for rogue states like North Korea, where crypto scams cannot get them in any trouble since each country has the autonomy to regulate crypto in their own way.

Within the emerging countries in the crypto landscape stands India. India has seen a rapid digitalization of its economy in the last five years, particularly through government initiatives like the UPI and BHIM payment systems, with them being adopted in various countries outside of India and challenging pre-existing transaction systems like SWIFT. The introduction of the Digital Rupee or e₹, India’s own Central Bank Digital Currency (CBDC) further highlights the transition of the Indian economy to a digital nature and the potential for blockchain based initiatives by the government of India. India also boasts a massive user base for crypto, with the potential for hundreds of millions of crypto traders in the country due to the size of its population and readily available and affordable phones and internet connectivity. This paper focuses on the current global cryptocurrency regulatory scenario, using India as a benchmark for analyzing how various economies are responding to this disruption in the traditional financial systems.

### 1. Cryptocurrency Regulation in India

India’s regulatory stance on cryptocurrency has been mixed, to say the least. Although authorities have become slightly welcoming towards digital alternatives of traditional currency in the past five years, cryptocurrency remains in a regulatory grey zone.

On December 24, 2013, The Reserve Bank of India (RBI) “cautioned the users, holders and traders of Virtual Currencies (VCs), including Bitcoins, about the potential financial, operational, legal, customer protection and security related risks that they are exposing themselves to” (Kattoor); highlighting the initial hostility towards cryptocurrency. In April 2018, a ban on cryptocurrency transactions was issued by the RBI through a circular. This circular prohibited all entities regulated by the RBI (like banks) from dealing in virtual currencies or providing services to facilitate their trading. However, this ban was subsequently uplifted by the Supreme Court of India on March 4, 2020. The Supreme Court struck down the RBI's circular, stating that it was disproportionate and that the RBI had not shown any significant damage suffered by its regulated entities due to cryptocurrency activities. Shaktikanta Das, RBI Governor from 2018 to 2024 has publicly spoken against cryptocurrencies at multiple occasions, most recently in 2024, where he said “Cryptocurrencies pose significant risks to financial and monetary stability” (Press Trust of India). He has also compared cryptocurrencies to Ponzi schemes and dubbed them as tools for money laundering. The duality of the RBI is to be brought under question here, as they have heavily promoted the use of the e₹ as a safe, government-backed alternative to crypto ever since its launch in 2022. The objectives of the e₹ were to reduce dependency on physical cash, facilitate secure, real-time payments; and compete with the likes of Bitcoin and Ethereum. The RBI isn't against digital currency; it's against decentralized currency. This raises critical questions about the true motivations behind the RBI's approach. Is the aim to promote economic empowerment through innovation and wanting to protect the consumer, or is it an attempt to retain centralized control over financial systems under the guise of digital modernization?

The Ministry of Finance, currently led by Nirmala Sitharaman has also imposed heavy taxation and regulation over cryptocurrency. All cryptocurrency gains are subject to a 30% flat tax with no loss deductions allowed and no loss set-off or carry forward. A 1% Tax Deducted at Source (TDS) is applied on the sale consideration of VDAs if annual transactions exceed ₹50,000 (or ₹10,000 in some cases) (CoinDCX). This TDS is deductible by the exchange (for Indian exchanges) or the buyer (for P2P or international transactions). Income from cryptocurrency gained in a way other than trading, like mining, is also taxed at a rate of 30% and gifts in the form of cryptocurrency are taxed if their value exceeds ₹50,000 (\$583.7 as of June 9, 2025). There is a major disparity between capital gains taxes between cryptocurrencies and equities, where equities are taxed between 12.5% Long-Term and 20% Short-Term (Mundra) as per the 2024 budget, further amplifying the hostility towards cryptocurrency. In March 2023, crypto activities were brought under the Prevention of Money Laundering Act (PMLA), this means exchanges and platforms must follow strict Know Your Customer (KYC)/Anti Money Laundering (AML) compliance.

Coming to 2025, India is now the most populous country in the world and therefore has the scope of becoming a global cryptocurrency leader. However, government skepticism and regulatory conservatism can hinder this potential. Conservatism and the protection of power is seen through the government actively promoting the e₹ while disregarding decentralized digital currencies. India has the largest volume of cryptocurrency users in the world, with over 100 million, yet most of the dominance of the market is still domestic (Kemmerer). After the uplifting of the cryptocurrency ban by the Supreme Court of India in 2020, there was a massive rise in retail cryptocurrency trading, exchange activity, and venture capital funding in the Indian market. Since then, cryptocurrency is not illegal but also not legal tender, and is instead treated as a speculative asset class. While there have been parliamentary debates regarding cryptocurrency regulation, no bill has been passed yet. Many large crypto exchanges like WazirX, CoinDCX, and ZebPay still struggle due to things like TDS burdens, bank partnerships, and a loss of potential customers due to fear-mongering. Due to this, many cryptocurrency traders prefer to use foreign platforms, performing ‘regulatory arbitrage’ to avoid taxes and restrictions. Many Web3 founders also choose to relocate to hubs like Dubai and Singapore, which welcome economic and financial innovation, to avoid having to deal with strict regulations and outdated policies. A lack of a regulatory framework also results in scams and frauds essentially being legal, with ‘pump and dump’ schemes and ‘rug-pulls’ being common. There is also a lack of investor protection, with no official recourse for lost funds or platform closures.

The next few years will ultimately decide India's fate in the global cryptocurrency market. The lack of clear legislation has kept the Indian crypto industry relatively stagnant in the last five years. Although India did endorse a global cryptocurrency framework with international cooperation during its G20 presidency in 2023, there have been minimal parliamentary discussions or official statements regarding the regulation of decentralized crypto tokens. If India wants to become a global leader in this market, its regulatory bodies like SEBI and RBI must have clear frameworks, sign official deals with domestic exchange platforms, and classify cryptocurrency as either a security, commodity, or even a currency. There needs to be a system in place that protects the investor, and audits should be required for every exchange platform and crypto-based startup. Whether India chooses "regulate, not ban" or takes a wait-and-watch approach may define its digital finance future.

#### i) **United States**

It is said that with great power comes great responsibility. The United States of America has, by far, the largest financial and economic power globally, but lacks the responsibility and unity required to create an effective and comprehensive national cryptocurrency regulation legislative framework.

There exists no American governmental body which regulates the usage of cryptocurrency for the whole nation. Instead, due to its federal nature, The US has a fragmented crypto regulation policy, where the legislatures of each state decide crypto policies for that state. An example of state-level fragmentation is New York, where the New York Department of Financial Services (NYDFS) introduced the BitLicense in 2015. Although focused on consumer protection and the prevention of crypto misuse, BitLicense makes it particularly difficult for New York residents to set up crypto businesses; with licensing, extensive documentation and bureaucracy, and an overall strict regulatory policy. Following the introduction of BitLicense, many crypto businesses began to shift from New York to Wyoming. Wyoming is considered the least strict US state when it comes to cryptocurrency regulation. Wyoming is extremely crypto-friendly and was notably the first state to recognize Decentralized Autonomous Organizations (DAOs) as LLCs. Further benefits of conducting crypto-related activities in Wyoming include tax benefits and Special Purpose Depository Institutions or ‘crypto banks’. Looking at this disparity between the two states from an outsider's perspective, New York and Wyoming quite literally have the crypto regulatory approaches of two separate, sovereign nations. New York would fall somewhere around a 0.4 on that scale, due to its extremely strict approach and extensive licensing; while Wyoming would be rated around a 0.7 or 0.8, due to its openness and friendly approach, recognition of DAOs, and crypto-focused state institutions. Having what is the difference in policy between India and The EU, within one nation, simply amplifies the level of this fragmentation.

Various federal agencies, primarily the Securities and Exchange Commission (SEC) and Commodities Futures Trading Commission (CFTC), control certain cryptocurrencies on the basis of their nature. The 'Howey Test', on the precedent of the famous 1946 Supreme Court case 'SEC v. W.J. Howey Co.', determines whether a transaction is an investment contract and a security. If any transaction involves an investment of money into a common enterprise with a reasonable expectation of profit, derived from the efforts of others; it is classified as a security and its regulation is in the hands of the SEC. Any token deemed a security must register with the SEC or qualify for an exemption. Platforms that facilitate security trading must register as securities exchanges, Alternative Trading Systems (ATSs), or broker-dealers. Specific investor protection rules also apply, requiring further disclosure of information. If a token is not a security, it's often treated as a commodity and is under the regulation of the CFTC. Notably, In The US, Bitcoin and Ethereum are commodities rather than securities. However, there are a few issues with this system, primarily centred around tokens being categorized as both a security or commodity, or neither a security nor commodity. Judicial overlaps are also common, with both the SEC and CFTC fighting over the control of certain coins. Some assets also begin as securities during fundraising and pre-seed investing, but later become commodities when the network gets decentralized. There have, however, been several attempts within the American legislature to resolve this long-standing issue of regulatory fragmentation. The Lummis-Gillibrand Responsible Financial Innovation Act, a bill introduced in the senate in 2022, aimed to outline clear jurisdictions of the SEC and CFTC for regulating cryptocurrencies, integrate stablecoins into the financial system, and introduce income tax exemptions for crypto gains or losses amounting to \$200 or less. This bill, unfortunately, was never passed on to the House of Representatives. Other bills that could have brought reform to the way The US handles crypto but were never passed include the Digital Commodity Exchange Act of 2022 and the Stablecoin Transparency of Reserves and Uniform Safe Transactions (TRUST) Act of 2022. As for taxation, it is conducted by the Internal Revenue Service (IRS). All cryptocurrency is treated as property, therefore either Capital Gains or Income Tax. Although taxation is simple and uniform, unlike India, The IRS still levies capital gains tax on things like exchanging cryptocurrencies and buying something using a cryptocurrency. This creates a burden on retail investors, who need to keep track of the cost basis of every crypto transaction. Coming onto judicial enforcement of crypto laws, The SEC has infamously taken many large crypto exchanges like Binance and Coinbase, and even Ripple, the company behind XRP, to court. This highlights a focus on enforcement rather than a clear approach.

In conclusion, The US takes on a regulatory approach which has multiple issues. Fragmentation at the inter-state and the national level remains a significant issue, with no clarity on policy and countless disparities. The sheer absurdity of the difference in policy between New York and Wyoming can prove this. Additionally, The SEC and CFTC both play together in the same field, causing judicial overlaps and more time spent on classification than policymaking. The US risks losing world-class crypto and blockchain talent to places which already have their regulation sorted out, like Singapore, The EU, and The UAE. The nation now faces a tough choice: smartly sort out the regulatory mess that has been created; or overregulate and drive innovation offshore with an unclear approach and broken system which creates uncertainty for businesses and investors alike.

#### **ii) Canada**

Just across the border, we observe that Canadian crypto regulators have a lot more clarity and have undertaken a much better approach to controlling digital currencies than the US. The Canadian Investment Regulatory Organization (CIRO) oversees the cryptocurrency market in Canada. Notably, in 2021, Canada was also the first country to approve the launch of a Bitcoin-based Exchange Traded Fund (ETF).

Crypto exchanges that want to operate in the country must register with securities regulators, and adhere to strict and sophisticated KYC/AML laws, custody, and disclosure. This strict policy focused on investor protection has led to crypto exchanges exiting the Canadian market, like Binance leaving Canada in May 2023. Cryptocurrencies are taxed as commodities; hence they are taxed as either capital gains or business income, and reported to the Canada Revenue Agency (CRA).

Canada's approach reflects a balance between inviting innovation and protecting consumers. The unity and simplicity of regulation plays a big part in creating this balance. Canada manages to safeguard the retail crypto investor through strict, consumer protection-focused policies while still keeping its economy open to all sorts of new ideas and advancements in blockchain technology, making it a global leader in responsible crypto regulation.

#### **iii) Brazil**

Brazil is undoubtedly the powerhouse of Latin America, holding the titles of the largest economy, population, and land mass of the region. It's also one of the most important players in crypto adoption and regulation. As of 2025, Brazil ranks fifth in the global crypto adoption index, behind India, The US, Pakistan, and Vietnam.

Regulation is primarily carried out by the Central Bank of Brazil (BCB), the institution which provides licenses to Virtual Asset Service Providers (VASPs), as per the 2022 Virtual Assets Law. This landmark law provides a foundational basis for crypto regulation in the country, and sets up a comprehensive legal framework. VASPs, after licensing, must adhere to strict KYC/AML standards and report all user activity. The Securities and Exchange Commission (CVM) is responsible for regulating digital assets classified as securities. The Virtual Assets Law is famous for recognizing cryptocurrencies as means of payment. This, however, does not mean that cryptocurrencies are legal tender, as the only currency legal tender is the Brazilian Real (BRL). The BCB is also currently working on its own CBDC called the Digital Real or Drex, which is in its second pilot phase as of October 2025. Drex could potentially revolutionize payments, make cross-border transactions much more efficient, and promote financial inclusion.

Brazil's current scenario has been shaped by long periods of hyperinflation and a crashing economy in the 1980s and 90s, and multiple economic downturns in recent years. That has become a reason for the popularity of stablecoins like USDT and USDC as hedges against economic volatility and inflation, as they're pegged to the US Dollar. This has also led to major Brazilian banks like Itau Unibanco to offer services like custody for digital assets. Overall, regulation can be termed as progressive, yet cautious. High adoption rates and comprehensive frameworks look glamorous on paper, but they're rooted in necessity, caused by lingering historical economic trauma.

#### **iv) Argentina**

The past few years have been nothing but devastating for the Argentinian economy and people. Inflation soared to over 210% in 2023, continuing to over a hundred percent the following year.

The Argentine Peso has also plummeted, with one US Dollar, which was equivalent to approximately 18 Pesos ten years ago in 2015, and around 130 Pesos just before the COVID-19 Pandemic in March 2020, now being equivalent to 1,420 Pesos, over a ten-fold increase from 2020 and a staggering 7790% drop in the value of the Peso within ten years. Monthly fluctuations of over a hundred pesos when converting USD to ARS have also become common in the last two years.

This, obviously, has led to Argentina having an absurdly high number of crypto users, particularly in stablecoins, which provide a much safer and much less volatile, USD-backed token. Over 61% of all crypto transactions in Argentina in 2024 were of stablecoins, reflecting the need for a stable currency. Regulation is strict but inconsistent, with the Central Bank of Argentina (CBRA) announcing a ban for any financial institutions to partake in crypto transactions in 2022. However, enforcement and action on bans like this remains weak. President Javier Milei is famous for being pro-Crypto, and against central banks and institutional control, with his leadership increasing the sentiment of the general population towards crypto, yet no action on reversing bans or making crypto legal tender has been taken. Crypto taxation is also underdeveloped and relatively unenforced, due to widespread capital flight causing much of the country's crypto being funnelled offshore; along with a lot of informal and/or illegal crypto activity. Argentina is an extremely interesting case, where adoption and adaptation has outpaced regulation. Crypto adoption has been carried out with a bottom-up approach, mostly being used by the common public as a method of escaping the falling Peso and collapsing economy; while policymakers haven't been fast enough to properly regulate and tax cryptocurrencies, creating what is essentially a semi-anarchy. Cryptocurrency usage and regulation in Argentina is born out of survival and necessity rather than investment and opportunity.

## **Europe**

### **i) United Kingdom**

Like most countries, crypto is legal but not legal tender. Oversight falls primarily under the Financial Conduct Authority (FCA), which requires all crypto businesses to register and comply with strict AML/KYC standards.

Notably, in 2021, the FCA banned the sale of crypto derivatives and exchange traded notes to retail investors, citing risks of volatility and fraud (Financial Conduct Authority). This ban was subsequently lifted in June 2025 (Financial Conduct Authority). Regulation is firm yet relaxed, with The UK regularly cracking down on misleading crypto advertisements. The country still aims to be a global hub for crypto assets, with changes like the Edinburgh Reforms of 2022 which integrated stablecoins into UK policy and governance, highlighting this vision.

Overall, The United Kingdom's crypto regulation policy presents two things: i) a desire to become a major crypto player and ii) not falling into complete regulatory anarchy. Post-Brexit, the country has experienced significant political instability, and it's important for that instability to not be reflected in economic regulation.

### **ii) European Union**

The European Union (EU) has a 2025 GDP of almost \$20 Trillion, making it second to just the United States globally. 23 out of the 27 EU member states are also part of the North Atlantic Treaty Organization (NATO), making this bloc a key economic and strategic power of the global west. The European Securities and Markets Authority (ESMA) is responsible for regulating cryptocurrencies in the EU. The European Union exemplifies one of the most comprehensive and sophisticated attempts at creating a unified crypto regulation system shared across different countries. The historical Markets in Crypto Assets (MiCA) regulation, passed in 2023, creates a sharp contrast between The EU and countries with fragmented approaches to the regulation of crypto like India and The US. MiCA establishes clear and detailed laws and guidelines to crypto usage, ranging from trading, mining, ownership, and the insurance of crypto assets. It also covers aspects of crypto apart from NFTs and decentralized, volatile coins; like stablecoins. It aims to protect the investor while ensuring stability and remaining open to innovation in the industry. Under MiCA, any entity wanting to operate in the cryptocurrency business must obtain a license from one member state, which then allows access to operate in all twenty-seven; significantly simplifying the usual long and tiring process of registration, attracting Web3 founders who want to set up shop in a safe and stable market, minus the bureaucracy. Additional features of MiCA include environmental considerations like the requirement for disclosing emissions and energy use for Proof of Work (PoW) blockchain activities. It is with no doubt that The EU has created the most advanced legal framework for regulating cryptocurrencies in the world. MiCA checks all boxes that characterize the ideal crypto policy: unifying all constituent states under a single framework, prioritizing the security of investors, and attracting talent and innovation from across the globe. The European Union, however, does still see cryptocurrency as both a risk and an opportunity. The bloc understands that decentralized currencies will increase the amount of illicit transactions and illegal online activities, but also views the blockchain as the driving force behind the digital, Web3-powered economy.

### **iii) Russia**

Russia's cryptocurrency policy has been largely shaped by their economic and political isolation from the west, especially since 2022. The Bank of Russia has explicitly banned the use of cryptocurrency for domestic payments (i.e not legal tender) while allowing the use of cryptocurrency by the state for cross border transactions and settlements since 2024. This dual approach policy stems from the enormous sanctions that have been placed on the regime ever since 2014, when Russia took control of Crimea. These sanctions were further heightened after the 2022 Russian invasion of Ukraine, almost completely reducing Russian trade with the west to zero. A pilot CBDC called the Digital Rouble has also been in its pilot phase since 2023.

In conclusion, Russia takes on a slightly different approach to regulating crypto, restricting its population from its usage while the state uses it as a method of sanction avoidance. With Russia's overall trade being reduced to just a handful of countries like China and India, along with a plummeting Rouble, cryptocurrencies act as life support to Russia's economy.

### **Asia (excluding India)**

The continent of Asia is home to some of the largest players in the global cryptocurrency scenario. While India is still stuck in a regulatory crossroad, many other countries have taken definitive positions on the crypto regulation spectrum, ranging from highly progressive to outright hostile. These countries not only represent some of the largest crypto user bases in the world but also reflect vastly different governmental philosophies about financial control, innovation, and decentralization.

### **i) China**

China is by far the largest economy in all of Asia, and the second largest of any sovereign country in the world, just behind the United States.

Once a global hub for cryptocurrency mining and innovation, it has now become one of the most hostile jurisdictions for crypto. In September 2021, the People's Bank of China (PBOC) declared all cryptocurrency transactions illegal, effectively banning trading and mining nationwide. The official reason for this sudden shift in policy was financial stability, environmental impact, and the use of crypto in fraud and money laundering. Prior to this ban, China accounted for over 65% of bitcoin mining (Shin), with miners and enthusiasts left with no choice but to move to other countries to mine crypto post-ban. Interestingly, this blanket ban on decentralized crypto coincides with the aggressive rollout of China's Central Bank Digital Currency, the Digital Yuan (e-CNY). Unlike typical decentralized cryptocurrency, the Digital Yuan allows the CCP to have full control over all transactions, bank accounts, and further expand their Social Credit system. It offers Beijing a powerful tool for surveillance, economic management, and cross-border trade innovation. This shift reflects China's broader strategy: eliminate competition, and replace it with a centralized alternative that aligns with its political and monetary goals.

This is yet another clear example of a government purposefully disregarding cryptocurrency and not promoting it to its citizens in order to establish financial control and maintain surveillance over transactions. Both India and China represent the overall aspirations and interests of many large economies of today, which is to further control the economic activities taking place in the country via centralization and digitization; versus the wants of the citizens for a decentralized and private payment network like the blockchain, where every move of theirs isn't tracked.

#### **ii) Singapore**

Singapore stands at the opposite end of the spectrum, positioning itself as a global hub for Web3 startups, fintech, and crypto-related activities. It has emerged as one of Asia's most crypto-friendly countries. Singapore's excellent safety, infrastructure, and opportunities make it a very lucrative city for people wanting access to a strong Asian financial hub with extremely liberal crypto regulation. The Monetary Authority of Singapore (MAS) is responsible for regulation, and takes a very balanced and nuanced approach; promoting innovation while strictly enforcing AML/KYC compliance.

Entities offering crypto services must register and obtain a license under the Payment Services Act, which provides regulatory clarity without stopping growth. The MAS is also committed to disclosing risks and safeguarding investors, regularly releasing guidelines about the same. An increase in policy focused on protecting the investor was observed after the famous collapse of the exchange platform FTX in 2022, which had many operational links to Singapore. In conclusion, while retail investors do face certain restrictions, institutional adoption remains strong. Singapore sees cryptocurrency more as an opportunity rather than a threat to its preexisting financial system, unlike India or China.

#### **iii) Japan**

The collapse of the exchange platform 'Mt. Gox' in February 2014 was a major turning point in cryptocurrency and its regulation, for both Japan and the rest of the world. The Shibuya-based platform was handling over 70% of all bitcoin transactions worldwide by 2014, and contributed significantly to cryptocurrency as we see it today. However, nearly 750,000 of the company's bitcoins were seemingly 'lost', with multiple incidents of hacking leading to this. Just for context, the stolen bitcoin would be worth around \$90 billion today. This incident led to Japan becoming the first country to create a comprehensive regulatory framework for cryptocurrency, with the Financial Services Agency (FSA) being established. Exchanges must register with the FSA and comply with stringent security, custodianship, and capital reserve requirements. This set a global benchmark for cryptocurrency regulation, with many large economies following the same path over the next ten years.

Bitcoin and other cryptocurrencies are classified as legal property in Japan, and financial gains from them are taxed as miscellaneous income. While there is no significant presence of a national CBDC, reports suggest that the development of one by the Bank of Japan is currently in the pilot phase. In contrast to India and China, Japan is much more focused on consumer protection, without stopping innovation or wanting to retain control over the blockchain.

#### **iv) North Korea**

Although the DPRK has a virtually non-existent cryptocurrency market, with nearly no adoption amongst its citizens due to extreme authoritarian laws and distancing from the global economy; it remains one of the most strategically active and important countries in the global cryptocurrency landscape, albeit from the shadows. The secretive nature of the regime along with its financial requirement to evade sanctions and obtain foreign currency, have made it a major player in crypto-related cybercrime. The notorious state-backed hacking group, the Lazarus Group, has been linked with many of the most infamous crypto hacks of recent times. Some of the most well-known cybercrimes committed by them include the Ronin Network hack of 2022, where over \$600 million worth of crypto was hacked and stolen from the platform (Coppola). Many estimates suggest that the Hermit Kingdom owns \$1.14 billion in bitcoin alone (Mazza), with potentially billions of dollars more in other cryptocurrencies. These assets are believed to be used in funding state operations, including nuclear weapon programs, extensive state propaganda, and weapons trade with its allies like Russia and China.

North Korea is a perfect example of what an anarchist crypto landscape with no regulatory framework can lead to; a rogue authoritarian state weaponizing the blockchain in a form of cybercrime in order to assert its dominance. North Korea's example also highlights one of the major defects of decentralization, since the regime holds billions of dollars in its reserves despite being heavily sanctioned by almost every large Western economy. In the absence of a global regulatory framework, the country will almost certainly continue with its cyberterrorism, exploiting the anonymity and cross-border arbitrage of decentralized currencies, making it a key focus in discussions regarding crypto regulation.

#### **Middle East and North Africa (MENA)**

##### **i) United Arab Emirates**

The UAE is by far the most progressive country in the Middle East and North Africa (MENA) region when it comes to regulating cryptocurrency. It positions itself as a global hub for digital nomads and Web3 money; emerging as *the* place for activities relating to digital assets. Zero income and capital gains tax, combined with world class luxuries and living standards is a prime reason why many crypto-millionaires decide to settle in major cities like Dubai and Abu Dhabi.

The emphasis of the UAE government can be seen through the Virtual Assets Regulatory Authority (VARA) that was established in 2022. It's a dedicated body tasked with overseeing and licensing crypto companies, making it one of the first of its kind globally.

The Abu Dhabi Global Market, a financial center similar to Dubai's world-famous DIFC but with a focus on fintech, virtual assets, and sustainable finance; also provides a detailed framework for digital asset regulation, focusing on exchange operations, custody, and token issuance. The UAE's central authority having open arms to crypto has led to many small to mid-size exchanges like Bitunix and Kraken to set up base there. Beyond exchanges; Web3 startups, NFT platforms, and blockchain developers have poured into the UAE, drawn by its pro-business environment, low taxation, and open stance toward financial innovation.

The UAE is an extremely good example of adaptation of crypto without anarchy or lawlessness. Adaptation has been carried out excellently, with about 30% of its population owning cryptocurrency (Kemmerer). Regulation is relaxed, yet firm, encouraging the usage of cryptocurrency but punishing harshly for its misuse ("Cryptocurrency scammers to face five years of jail, fine in UAE"). But, there's a deeper reason as to why The UAE seems so relaxed towards crypto compared to the general stance of the region; they're bound by no other choice. As the world transitions to clean energy and oil reserves slowly run out, there will eventually come a time where Emirati oil will not be needed; the same oil which contributes to about 22% of their GDP (Ata). The country is in a desperate need of diversifying its economy, which can be seen by the approach that Emirati royalty has adopted in recent years. Be it enormous skyscrapers, megaprojects worth hundreds of billions, thousands of tourist attractions across the country, and additional billions spent on other miniscule things; an attempt to be economically independent from oil can clearly be seen. Cryptocurrency is an amazing way to conduct this diversification, trillions of dollars of potential value in each cryptocurrency token. In conclusion, The UAE is one of the most liberally regulating regimes of the MENA, with acceptance and adoption far greater than most other countries. Yet, it still maintains frameworks to prevent misuse; all a display to not show the dark and hidden reality — a supply of natural gas and petroleum soon to be useless.

## ii) Saudi Arabia

The Kingdom of Saudi Arabia (KSA) holds the largest land mass, population, and economy in all of the Arabian Peninsula; meaning it holds the greatest power and greatest influence of the region. In a Middle East characterized by extreme instability and wars since the last three decades, Saudi Arabia remains one of the few places that have not witnessed regime changes or wars; and cooperate with Western nations like the USA.

The KSA, however, takes a much more cautious approach towards regulating cryptocurrency than the UAE. The Saudi Arabian Monetary Authority (SAMA) has not recognized the validity and legitimacy of cryptocurrencies and warns against their use. Hence, trading and investing in cryptocurrencies, while technically legal, still remain in a regulatory grey area. However, the government still does show a slight interest in CBDCs and coins with more regulation. In 2019 and 2020, The KSA worked extensively on Project Aber. It's an initiative launched by the central banks of Saudi Arabia and United Arab Emirates to explore the viability of a single dual-issued digital currency as an instrument of domestic and cross-border settlement between the two countries (Saudi Central Bank and Central Bank of the UAE). Notably, the development of a Digital Riyal is well underway and Saudi Arabia is also a member of m-Bridge, a framework to make cross-border payments between CBDCs more efficient.

Overall, we see The KSA avoid much regulation of and warn its citizens against the use of decentralized cryptocurrencies; all while conducting extensive development on a CBDC which is backed and controlled by SAMA. This disparity reflects a desire to maintain control over the Saudi economy and limit the economic liberation of its people, which is usually expected from an absolutist monarchy. Being the Jupiter of the Middle East and by far the biggest country in terms of oil exports, The KSA cannot afford to make any mistakes when it comes to their financial systems and economy.

## iii) Egypt

Egypt is the largest economy in the North Africa part of MENA, with a 2024 GDP of \$383 Billion ("Egypt GDP"). Unlike The UAE which demonstrates openness and acceptance to crypto and Saudi Arabia which is slightly less friendly, Egypt adopts an approach which is totally opposite. It takes a far more restrictive and conservative stance toward cryptocurrencies, driven by both financial caution and religious authority. The Dar Al Ifta, Egypt's governmental Islamic organization, which guides policymaking on the basis of the Qur'an, has deemed cryptocurrency trading as sinful or haram due to their lack of value, volatility, potential for fraud, and use in terrorism. This ruling heavily influenced the Central Bank of Egypt's (CBE) subsequent ban on all cryptocurrency activities without a license. No licenses have been issued so far, implying a total prohibition on any form of crypto usage.

We observe that Egypt has an economic system which is mostly based on Islamic teachings. Even though countries like Saudi Arabia and The UAE operate under total Sharia Law, Egypt remains the only one out of the three to have completely illegalized cryptocurrency on the basis of religion.

## Oceania

### i) Australia

We can observe that Australia has one of the most clear and refined crypto regulatory frameworks in the APAC region. As usual, crypto is legal but not legal tender. The Australian Securities and Investments Commission (ASIC) is the primary regulator of crypto, while the Australian Transaction Reports and Analysis Centre (AUSTRAC) oversees money laundering and transaction authenticity, and the Australian Taxation Office (ATO) is responsible for taxing cryptocurrencies, as they are treated as property and capital gains tax is levied on them.

Since April 2018, all crypto exchanges are required to register with AUSTRAC to operate in the country and must comply with full KYC/AML standards. In November 2025, The Corporations Amendment (Digital Assets Framework) Bill 2025 was introduced in the Australian parliament by the Treasury. This bill is the first full and comprehensive regulatory framework for crypto platforms operating in the country, requiring these platforms to obtain an Australian Financial Services License (AFSL). If brought into law, this bill will protect consumers by adding a layer of security above KYC/AML, along with closing old regulatory gaps and pushing tokenization, essentially creating an EU-like Australian MiCA system. The digital Australian Dollar (eAUD), launched in 2023 by the Reserve Bank of Australia (RBA), is in its pilot phase, showing a governmental aspiration towards centralizing digital assets.

In conclusion, the Jupiter of Oceania is one of the very few that positively stands out among the countries discussed in this paper, exemplifying how clear, effective policies and regulatory simplicity can coexist. There is a heavy focus on legitimacy and consumer protection, but it doesn't sacrifice innovation, regulatory progress, and institutional adoption.

## CONCLUSION

This paper, taking a bird's eye view of crypto regulation across all continents, had conducted an in depth analysis of trends in policy and regulation over a time period spanning 11 years. After a detailed literature review, the research found that El Salvador was the country with the most liberal crypto policy until early 2025, being the only country with Bitcoin deemed legal tender. On the opposite end of the spectrum, stand China, Egypt, and Algeria — where all forms of crypto and activities related to it are illegal. In between these two ends of the spectrum, stands most major economies of the world. India, the benchmark for this research project, has extensive potential to become a global crypto leader; but is bound by regulatory paranoia, governmental economic control, and overall financial conservatism among policymakers. The United States experiences a rather rarely observed phenomenon in the world of crypto — regulatory fragmentation, with inter-state policy variances greater than most countries. The US also sees two regulatory bodies, causing unnecessary classification problems. Heading up north, Canada shows balance, with strict laws while remaining open towards innovation. Most importantly, there's no fragmentation, and the clarity can be seen — a stark contrast when compared to its neighbour. Brazil, although its economy shaped by historical volatility, has emerged as one of, if not the biggest player in the field from Latin America. Brazil has managed to create a comprehensive and sophisticated framework, which includes a wide range of policies, clear regulation, and CBDCs. Argentina has experienced massive economic crashes recently, with the Peso becoming essentially worthless. This has led to the Argentine people adopting crypto out of necessity rather than curiosity, and policymakers haven't been able to catch up. The UK experiences a conflict of interest, as the country wants to become a big player in this game while maintaining a stronghold on crypto usage in the country. The European Union and twenty-seven constituent countries exemplify regulatory excellence and immense clarity, having developed the MiCA framework, which is easily the world standard for digital asset regulation. The Russian economy has obviously been heavily impacted following the sanctions caused by the war in Ukraine, yet crypto usage by citizens is still illegal. Ironically, the Kremlin itself transacts in cryptocurrencies with other nations in order to bypass sanctions. Cryptocurrency usage by citizens remains illegal in The PRC, presumably in an attempt by the CCP to maintain surveillance and centralization in the economy. Singapore is *the* place in Southeast Asia for crypto, due to its friendly policies and openness for innovation and global talent; all done while maintaining a world-class level of security and investor protection. Japan was the first country to adopt comprehensive crypto regulation, and has a relatively good system in place, though it still lags behind in areas like CBDCs. While North Korean citizens are heavily isolated from the global economy and even the mere concept of cryptocurrencies, the Kim dynasty has, on multiple occasions, acquired cryptocurrencies using malicious methods. Many famous crypto thefts can be traced back to North Korean cybercriminal groups, and the government, in order to bypass sanctions and provide billions of dollars to state operations like obtaining arms and building nuclear weapons. The UAE is undoubtedly the most crypto-friendly country in the MENA region, characterized by its openness to innovation, extremely low taxes, while still avoiding total anarchy. But, this all stems from a need to rapidly diversify the Emirati economy. Saudi Arabia, in comparison, is much more conservative; as it does not recognize the legitimacy of currencies and has warned its citizens against their usage. However, the slight push towards CBDCs reveals that it's not cryptocurrencies that the KSA is against, it's a fear of losing control over trade and the economy. The Egyptian regulatory authorities have imposed a de-facto ban on crypto usage. But, Egypt is a unique case, being one out of a handful of countries that have prohibited citizens from using cryptocurrencies over religious reasons. Australia has a clear and effective approach to regulating crypto, and the revolutionary November 2025 bill could make it comparable to the European Union. The information presented in this literature review opens up the scope for further research and analysis.

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