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China's Crackdown on Cryptocurrencies and its Impact on Crypto Mining Companies Outside the Country

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Last month, the Chinese government announced a crackdown on all financial transactions involving cryptocurrencies and issued a countrywide ban on [cryptocurrency](#) mining, the energy-consuming process by which cryptocurrency tokens are produced.

When the news broke, the price of Bitcoin (BTC) fell to around \$41,000 before recovering by the end of the trading day. Until the Chinese government imposed the ban, the country was the powerhouse in [Bitcoin mining](#), with around 70% of global Bitcoin mining power. Now, cryptocurrency miners in China are flocking to neighboring Kazakhstan, Russia or North America to find refuge.

The Government crackdown comes at a time when the country's central bank has been testing the electronic Chinese yuan (e-CNY), the nation's digital currency that has been slowly introduced to Chinese society through a lottery system. The bank shared a notice calling out Bitcoin and Ethereum (ETH) for being issued by nonmonetary authorities.

China's e-commerce giant, **Alibaba Group Holding Ltd.**, has subsequently announced it will no longer allow its merchants to sell crypto mining equipment starting Oct. 8. "Alibaba.com will prohibit the sale of virtual currency miners in addition to the prohibition against selling virtual currencies such as Bitcoin, Litecoin, BeaoCoin, QuarkCoin and Ethereum," [says the announcement on the company's website](#). The ban also includes hardware, software, tutorials and strategies for obtaining virtual currencies.

A number of notable figures in the world of finance and economics have commented on the move by the Chinese government. George Selgin, economist and senior fellow at the Cato Institute, told The New York Times that the creation of the e-CNY and the crackdown on cryptos is part of the government's move to establish a surveillance system to have greater control over its citizens.

“This is really about establishing a state monopoly in payments,” Selgin said. “The most obvious implication is that the state will have more opportunities to monitor citizens’ economic activity.”

What This Means for Crypto Mining Companies Outside China

While cryptocurrency mining companies in China are crying foul, companies outside China are benefitting from this ban. The clampdown has created opportunities for crypto mining companies such as **OLB Group** and **Hut 8 Mining** (TSE: HUT).

OLB Group is currently launching Bitcoin mining with the state-of-the-art application-specific integrated circuit (ASIC)-based S19j Pro 96T mining computers specifically designed for the most efficient (in computing speed and energy consumption) mining of Bitcoin. With the focus investors have on ESG investing, crypto mining companies with a very low to zero carbon footprint will attract more attention as the crypto mining sector begins to be included in more portfolios.

The addition of Bitcoin mining to OLB Group’s revenue base is anticipated to increase the company's revenue by approximately \$1 million per month — assuming 1,000 machines operating for a full month. The company plans to deploy 24,000 mining machines utilizing electricity generated from green natural gas within the next 24 months.