

China makes all cryptocurrency transactions illegal

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China's central bank has declared all transactions involving Bitcoin, Ethereum and other cryptocurrency illegal, stepping up a campaign to block use of unofficial digital money in the country.

China has targeted Bitcoin since 2013, forbidding financial institutions from handling bitcoin transactions, and over the years, has renewed its crackdown of the crypto market.

The ban reflected official concern cryptocurrency mining and trading might still be going on or the state-run financial system might be indirectly exposed to risks.

Friday's notice said Bitcoin, Ethereum and other digital currencies disrupted the financial system of the country and are used in money-laundering and other crimes.

“Virtual currency derivative transactions are all illegal financial activities and are strictly prohibited,” the People's Bank of China said on its website.

Promoters of cryptocurrencies say they allow anonymity and flexibility, but Chinese regulators worry they might weaken the ruling Communist Party's control over the financial system and say they might help to conceal criminal activity.

China is one of the world's largest crypto-currency markets.

Fluctuations in China's digital currency world often impact the global price of crypto-currencies.

The price of Bitcoin fell by more than \$2,000 (£1,460) in the wake of the Chinese announcement.

The People's Bank of China is developing an electronic version of the country's yuan for cashless transactions that can be tracked and controlled by Beijing.

George Selgin, an economist and senior fellow at the Cato Institute, said that creating a central bank digital currency and making crypto transactions illegal were part of the Chinese government's broader effort to channel citizens away from popular private financial services providers, such as AliPay and WeChat.

A state-controlled digital currency would allow the government to collect data and keep tabs on citizens' everyday transactions and would make it easier for the government to control access to an individual's funds, among other concerns.