

The Crypto Conundrum and Pakistan!

By Aiman Shakeel Abbasi

Crypto is a digital currency that works over a peer-to-peer online transactions system. It is a next-generation technology that could enable a currency revolution as there has been a 2.01 trillion increase in market capital since 2009, making it a total of **\$882 billion** with bitcoin being the most prominent making up to 44% of the crypto market. Before jumping to any conclusion, some worldwide facts will be discussed, which would back up why Pakistan should distance itself from banning cryptocurrencies, as banning would result in the movement of crypto traders and miners to more inclusive economies.

Economies like Dubai, El Salvador, China, and India are taking steps to be inclusive of digital currencies/ crypto trading. Dubai per se act as a haven for crypto traders and miners, for their only concern, is the volatility and instability of crypto. The introduction of Financial/Economic Free Zones acts as an incentive for the traders to set up their businesses. Keeping Dirham as their legal tender as it is pegged to US Dollar will save the economy of Dubai from being safe from the volatility of crypto.

Read more: [Thailand plans to ban crypto as a means of payment](#)

Understanding the matter better

On the way to becoming a global crypto hub, the 2nd Crypto Expo Dubai was organized in March 2022 which saw a huge influx of both exhibitors and visitors. The steps taken by Dubai World Trade Center are to distribute and administer a regulatory framework for virtual asset legislative and their enforcement policies. Dubai has its DMCC crypto center working over cryptography and blockchain, consisting of 400 crypto businesses, and by 2022, around 1000+ crypto businesses are to be set in Dubai's financial-free zones. Dubai is on the safer side and would earn revenue with present [cross-cutting technologies](#).

El Salvador, on the other hand, legalized crypto (Bitcoin) as its legal tender with a digital wallet named "Chivo," which is efficient, safe from any third-party involvement, could convert bitcoin into dollars, has relatively low transaction fees, and have little or no tax payments. El Salvador's economy holds 1,801 bitcoins worth \$66 Million by 25th Jan. 2022, but if bitcoin were as high as in November, i.e., \$68,000, then the capital of El Salvador would have been \$124 Million.

India recently legalized crypto differently. Being wise enough to not ban India is to grow their economy by putting a 30% gain tax on crypto earnings. Another inclusion would be a digital India Rupee based on blockchain technology by 2023, which will boost the digital economy as digital currencies are easily manageable with high efficiency.

Showing how different countries with different socio-economic backgrounds understood the complexity of moving toward and adopting the era of digital currencies. On the other hand, Pakistan lately considered banning Crypto and still it is kept in a grey area which will lead to the movement of traders and miners to more inclusive economies, as mentioned above. Therefore, it is required to develop pro-crypto policies and regulatory frameworks to keep a distance from banning a new venture for growth and development.

Read more: [Russia's crypto demand on rise as it faces global sanctions](#)

Daily trading of crypto is far more than that of PSX

trade in Pakistan

Pakistan needs to adopt measures like Dubai or India did, making economic free zones for crypto investors/ traders/ miners to operate and imposing a specific number of taxes on the profit earned. However, in this world of digitization, Pakistan lags in introducing positive changes due to incompetent authorities, poor policy structures, and too much regulation/ government footprint. Therefore, along with the digitization of trade/currency, private investors/ privatization has become necessary for a bright future.

Keeping cryptocurrencies in the grey area on the basis of the creation of scams, financial terrorism, and money laundering is not right. With crypto inclusion for a country like Pakistan all market functions would become less costly due to its peer-to-peer transaction system and immense coding and blockchain technologies will also play a role in security purposes. The most notable reason provided is the lack of control and oversight on cryptocurrency transactions which is susceptible to illegal activities but for the sake of this reason, we are keeping Pakistani youth of many opportunities which follow cryptocurrencies.

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