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## **To Start Bitcoin in Bangladesh Legally**

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Bitcoin' - is a global buzzword, influencing the youth of the nation as well. It is a crypto currency which is still banned by Bangladesh bank. We ask – if there is a way to start experimenting bitcoin in Bangladesh!

Bitcoin was priced 1 USD in 2011, then accelerated since to reach at around 6700 USD - equivalent to almost 565,000 BDT as of September 2018. What a catch missed by many of us! This term was first introduced in 2008 by one individual or a group under the pseudonym Satoshi Nakamoto. Though it was introduced in 2008, it started doing its operation in 2009. Now the question may arise, what is a 'Bitcoin' or how does it work or what is the significance of it? Bitcoin is the first decentralised virtual currency although it is debated whether it should be coined more appropriately as virtual assets. Bitcoins are created through mining which starts with solving the 'Proof of Work' which can be done in a transaction block such as block chain. If anyone creates a new transaction block or solves the 'Proof of Work' then he is rewarded with 25BTC/bitcoins. This electronic transaction through Bitcoin is directed to the receiver from the owner without the need for any third party ensuring no private information of any user is recorded.

The primary benefit of transacting in Bitcoin is sending and getting money anywhere in the world with low cost because of no intermediary transaction fees. Payments in Bitcoin can be made and finalised without one's personal information being tied to the transaction and that's makes it secure for merchants to protect them from potential losses that might occur from fraud. On the other hand, criminal enterprises choose to transact in Bitcoin over the Internet because of its anonymity relative to traditional hard currency and for this anonymity of Bitcoin, it has become popular on the black market.

G7 countries like USA have positively accepted its transaction. Influential companies like Dish Network (DISH), Overstock.com (OSTK) and Dell have no issues transacting with BTC.

Australia, Belgium are some other countries which have no rules and regulations against this crypto currency. In spite of the acceptance of bitcoin from some countries, it is still banned in many other countries like China, Vietnam, Bolivia, Ecuador, Russia, and Morocco and even in our country Bangladesh.

There are some reasons behind banning bitcoin by the countries mentioned above. Firstly, bitcoin users can do transactions without using ID card issued by the respective country

governments and it becomes very much difficult for governments to audit transactions and perform their obligations to identify any fraudulent, money laundering or antisocial activities. Secondly, as a result of a relatively novel technology platform for potential currency exchanges, many governments have not yet been able to create a legal framework to perform any legal action against Bitcoin if a case is filed.

Also, Bangladesh Banknotes that these currencies do not conform to Foreign Exchange Regulation Act, 1947, Anti-Terrorism Act 2009 and Money Laundering Prevention Act, 2012, So, the transaction of virtual currencies online with any unnamed or pseudo named peer may cause a violation of the above-mentioned acts and lead clients to face various financial and legal risks. Under this circumstance, the citizens have been asked to refrain from performing, assisting and advertising all kind of transactions through the virtual currencies like bitcoin to avoid financial and legal damages.

Bangladesh Bank Governor SK Sur Chowdhury said that a committee will work to find out a solution to introduce bitcoin in Bangladesh because of its popularity across the world.

Government wants to minimise this risk associated with bitcoin transactions and ride with the easier solution for electronic payment.

We propose a possible method to start experimenting bitcoin in the country under the governance of Bangladesh Bank. Bangladesh Bank can experiment bitcoin transactions with the assistance of local banks. In order to keep trace of the transactions, Bangladesh Bank can mandate those participating local bank account holders to access and exchange bitcoins using their existing traceable medium such as local bank account number, bKash or Rocket identification. After a successful 6-month trial, BB can, in the secondary stage, franchise the process to those local banks. After a further 6 more months of successful trial, BB can further extend the benefit to the public through franchising to local financial institutions such as Bkash/iPay etc.

The popularity of crypto currency is becoming a global trend and it is high time for Bangladesh bank, financial institutions, cyber security experts and law makers to experiment this new platform temporarily, at least for 1 year to find how to minimise threats and use its benefits for potential welfare of the economy and society.