

Cryptocurrencies: their concept, risks, and the positions of countries towards them

Lakehal Soumia * ¹, Rahmani Samia ²

¹ Ziane Achour University of Djelfa (Algeria), soumia.lakehal@univ-djelfa.dz

² Ziane Achour University of Djelfa (Algeria), samia.rahmani@univ-djelfa.dz

Received: 23/04/2026

Accepted: 31/05/2026

Published: 11/06/2026

d

Abstract:

This study aims to provide an overview of the concept of cryptocurrencies by addressing their origins, definition, characteristics, main advantages, and types, and then examining the risks associated with dealing with them in order to arrive at the official position of countries on dealing with them.

The study concluded that given the significant risks associated with dealing with this type of digital currency, countries have taken different and varying positions ranging from those that allow dealing with them to those that warn against and prohibit it. However, despite these major risks, the increasing use of cryptocurrencies due to their advantages makes it necessary to regulate them rather than prohibit them, given their growing importance, Comprehensive regulation of all aspects of cryptocurrencies ensures that their risks are mitigated while their advantages are exploited.

Keywords: cryptocurrencies; risks of cryptocurrencies; position of countries .

1. INTRODUCTION

Today's world is undergoing a comprehensive digital revolution that has changed many economic and social patterns of life and given rise to new forms of financial transactions that were previously unfamiliar. At the heart of these transformations, cryptocurrencies have emerged as a controversial technological innovation that uses modern technology to create virtual assets as an alternative to traditional currencies. In a short period of time, these currencies have gone from being a theoretical idea to a practical reality that is becoming increasingly widespread globally.

This rapid phenomenon has prompted a re-examination of monetary policies and

* Lakehal Soumia

financial systems, with some viewing it as an opportunity to enhance individuals' freedom to manage their money and bypass banking bureaucracy, while others see it as a threat to economic and security stability due to the absence of central control and the difficulty of tracking transactions, making it a fertile environment for money laundering and terrorist financing.

Hence the importance of this study in that it addresses a contemporary issue that touches on the core of international economic and legal relations, as cryptocurrencies are no longer just a means of electronic payment but have become an investment tool and a store of value that competes with traditional assets. Research in this area also helps to understand the transformations that the global financial system is undergoing in the context of digitalization and provides a scientific basis for decision-makers to formulate balanced monetary and legislative policies that take into account the advantages of these currencies and limit their risks. On this basis, this study aims to clarify the conceptual framework of cryptocurrencies in terms of their origin, characteristics, and types, highlight the most important risks they pose at the economic and security levels, and analyze the official positions of a group of countries towards them, ranging from recognition and regulation to prohibition and criminalization.

The problem addressed in this study is: What is the concept of cryptocurrencies? What are the risks associated with dealing with them? What are the positions of countries towards them?

To cover all aspects of this topic, we have adopted a descriptive analytical approach as the most appropriate for this type of study. To answer the questions posed, we have divided the study into two sections as follows:

Section 1: The concept of cryptocurrencies

Section 2: The risks of cryptocurrencies and the positions of some countries towards them.

2. Section One: The concept of cryptocurrencies

Recent technological developments have given rise to new types of financial instruments that have had a clear impact on the nature of economic transactions, including cryptocurrencies, which have gained an increasing presence on the global stage, the emergence of these currencies was not accidental, but rather went through stages of emergence and development that resulted in several definitions for them (first requirement), To accurately understand the concept, it is necessary to examine the characteristics that distinguish them from traditional currencies, as well as to identify the most prominent and important types (second requirement).

2.1 First requirement: The emergence and definition of cryptocurrencies

The emergence of cryptocurrencies was a natural result of the technological developments that the world has witnessed in recent decades, as they moved from a mere theoretical idea to a practical reality that brought about a transformation in the field of financial transactions. Therefore, understanding the circumstances of their emergence helps to understand the context that gave rise to this innovation (First Subtitle). and defining them precisely is an essential step in identifying the characteristics that distinguish them from traditional currencies (Second Subtitle).

2.1.1 First Subtitle: The emergence of cryptocurrencies

The first ideas and studies related to the creation of a virtual digital asset date back to the early 1980s, specifically to 1980, when the research of David Lee Chaum, one of the early pioneers in this field, came to the fore. In 1985, Chaum published one of his most prominent articles, entitled “Security Without Identity,” in which he presented a vision of an encrypted monetary system based on the confidentiality of financial transactions, allowing transactions between individuals without revealing their true identities or the possibility of tracking their operations, this proposal represented a pivotal turning point, as it opened the door to serious consideration of the possibility of replacing traditional money with virtual currencies that rely on encryption technologies to ensure security. It wasn't long before the world saw the birth of the first encrypted digital currency in 1990, called e-cash, which was based on the idea of providing a high degree of privacy and confidentiality for electronic financial transactions. Between 1998 and 2005, attempts to develop this idea further continued, with computer scientist Nick Szabo creating the Bit Gold project, which attempted to lay the foundations for a decentralized digital asset based on the principle of scarcity and limited quantity, similar to coins. This attempt was considered a step forward as it combined the value of scarcity with the tradability of digital space. Then, in 1998, engineer Wei Dai developed the concept of B-money, a project based on an encrypted electronic monetary system that allowed for the free use of digital money while maintaining user anonymity, adding a new dimension to the idea of building an independent electronic financial system¹.

The major shift occurred in 2008 when a mysterious programmer who did not reveal his true identity, known only by his pseudonym Satoshi Nakamoto, published a research paper entitled “White Paper” in which he presented his idea of creating a digital currency called Bitcoin. He explained that it represents an electronic monetary system based on the principle of direct transactions between parties without the need for a banking or financial intermediary to guarantee the transfer of funds, this idea came as part of a serious attempt to overcome the problems of traditional monetary systems and search for an alternative that would free the global economy from the constraints of

¹ Dahbia Belkacem, Amal Mazour, Challenges of Working with Cryptocurrencies in the Face of the Current Financial and Banking System, **Journal of Commercial Sciences**, School of Graduate Commercial Studies, Algeria, Volume 21, Issue 01, June 2022, pp. 186-203, p. 190.

censorship, as well as adapt to the rapid changes in the world of finance and business in the digital environment, this step was considered a new financial revolution that combined technology and economics aspects¹.

Cryptocurrencies are essentially based on blockchain technology, which is a distributed and interconnected database characterized by its ability to record a constantly growing list of data known as “blocks.” Each block contains a timestamp and a link connecting it to the previous block, ensuring the continuity of the chain and protecting the information stored within it. This technology is designed in such a way that it is almost impossible to modify or manipulate data once it has been recorded, which enhances user confidence in dealing with this type of digital asset².

In 2009, Satoshi Nakamoto launched the first working version of this idea with the release of Bitcoin, but its actual trading did not begin until 2010, when the first real purchase took place on the Bitcoin talk forum, where approximately 10,000 Bitcoin units were paid for two slices of pizza. At that time, the value of one unit did not exceed US\$0.003. This event was a historic moment that proved the possibility of using cryptocurrencies in commercial exchanges, after which Bitcoin prices began to rise gradually and significantly.

Since 2011, the cryptocurrency phenomenon has expanded, with the emergence of alternative currencies such as Litecoin, Ripple, and others. The market has witnessed rapid growth in the number of cryptocurrencies, jumping from around 1,300 at the end of 2018 to more than 2,200 in 2019. In parallel with this, the infrastructure for these currencies, especially Bitcoin, continued to develop, from the launch of the first Bitcoin trading exchange in 2011 to the launch of the first Bitcoin ATM in 2014, reaching a total of approximately 1,500 ATMs in 2017³.

2.1.2 Second Subtitle: Definition of cryptocurrencies

In its 2015 report on digital currencies, the European Central Bank defines cryptocurrencies as a digital representation of value that is not issued by a central bank, a public authority, a central depository, a public institution, a government, or a public or private entity, and that can sometimes be used as an alternative to cash⁴.

The International Monetary Fund defines them as “monetary value in the form of credit units stored electronically or in electronic memory for the benefit of the

¹ Fatiha Benabi, Cryptocurrencies as a New Trend in Digital Currencies: Their Applications and Impact on Banking Transactions—Silicon Valley Bank as a Model, *Journal of Business Economics and Trade*, Mohamed Boudiaf University of M'Sila, Vol. 09, No. 01, March 2024, pp. 46-67, p. 48.

² Khaled Rwaq, Cryptocurrencies: Bitcoin as an Example (The Extent to Which Jurisprudential and Sharia Adaptation Keeps Pace with Contemporary Reality), *Afaq Journal for Research and Studies*, Sheikh Amoud Ben Mokhtar Elizi University Center, Vol. 04, No. 02, July 2021, pp. 485-502, p. 489.

³ Dahbia Belkhadir, Amal Mazour, op. cit., p. 191.

⁴ Nabil Wanass, Legal Developments in Cryptocurrencies, *Tabna Journal of Academic Scientific Studies*, University Center Si El Hawas Breika, Vol. 06, No. 02, December 2023, pp. 1006-1025, p. 1009.

consumer¹.

The World Bank has classified cryptocurrencies as a subset of digital currencies, defining them as “a digital representation of value that is denominated in its own unit of account, as opposed to e-money, which is an electronic payment instrument denominated in traditional currencies.” The World Bank also classified cryptocurrencies as digital currencies based on cryptography technologies².

It is also defined as “a purely digital representation of a hypothetical value that has no physical existence in the real world, is not issued, guaranteed, or regulated by any government agency, is stored in electronic wallets, and is traded between users as it functions as money³.”

It is also defined as “currencies that have no tangible physical entity or physical existence, as they are produced by computer programs and are not subject to the control or supervision of a central bank or any official international authority. They are used via the Internet in sales and purchases or converted into other currencies”⁴, it is therefore a virtual currency that operates outside the official monetary system and represents a digital representation of monetary value issued by an entity other than a central bank or credit institution, deriving its value from the trust placed in its voluntary acceptance⁵.

Cryptocurrency can be defined as a digital asset encrypted on the Internet that is issued and traded in a decentralized manner via blockchain technology, which provides trust and security⁶.

Finally, we can say that cryptocurrency is a digital currency that uses cryptography for security purposes, to protect virtual transactions, and to control the creation of new units. It is considered a medium of virtual exchange, making it difficult to counterfeit. It also has a decentralized digital ledger, which means that there is no third party controlling the transactions carried out on the Internet⁷.

2.2 Second requirement: Characteristics and types of cryptocurrencies

Cryptocurrencies have characteristics that distinguish them from traditional

¹ Fatiha Benabi, op. cit., p. 49.

² Nabil Wanass, op. cit., p. 1009 .

³ Amal Marzouq, Cryptocurrencies: Opportunities and Challenges of Their Use, **Al-Bashair Economic Magazine**, Tahri Muhammad Bashar University, Vol. 06, No. 02, December 2020, pp. 112-128, p. 113.

⁴ Khaled Rwaq, op. cit., p. 488.

⁵ Abdelmalek Toubi, Moncef Charaf, The Impact of Cryptocurrencies on the Future of Financial Transactions: Bitcoin as an Example, **Industrial Economics Journal (Khazartk)**, University of Haj Lakhdar Batna 1, Vol. 11, No 01, June 2021, pp. 179-203, p .184.

⁶ Rabah Beriche, Fatima Snouassi, The Impact of Cryptocurrency Trading on Monetary Policy: Bitcoin as an Example, **Al-Maqrizi Journal of Economic and Financial Studies**, University Center of Aflou, Volume 06, Issue 02, December 2022, pp.475-494, p. 478

⁷ Saber Ben Maatouk, Challenges of Dealing with Cryptocurrencies: Bitcoin as an Example, **Algerian Journal of Economic and Financial Research**, Farhat Abbas University, Setif 1, Vol. 03, No. 02, December 2020, pp. 85-111, p. 89.

currencies in terms of how they are issued, how they are traded, and their reliance on advanced technologies (First Subtitle). There are also several types of cryptocurrencies, reflecting their prevalence and the variety of purposes for which they are used (Second Subtitle).

2.2.1 First Subtitle: Characteristics of Cryptocurrencies

Cryptocurrencies have a number of characteristics, the most important of which are as follows:

-Cryptocurrencies are global: they are not tied to a specific location for transactions because they are not recognized by any location or central bank¹, as a result, no country can ban or control their transactions, This allows them to be transferred at any time and to any place in the world while maintaining complete privacy and without the need to go through any regulatory body or bear exchange rate differences between different currencies. Since cryptocurrencies have international characteristics, they are not restricted by geographical or time boundaries, making it possible to deal with them as if they were local currencies. Consequently, no country can ban them because they are not subject to its control in the first place. No party can impose a hold on these transactions or transfers, nor can they be frozen, confiscated, or subject to other risks that traditional cash transfers may face when they are suspicious or used to pay for illegal transactions. because the mechanism, location, and type of use of cryptocurrencies are determined solely by their owners, who have full authority in this regard².

-Cryptocurrencies are fast, private, and confidential: This means that cryptocurrencies are characterized by extremely fast transaction execution, as well as high levels of confidentiality and privacy. Sales and purchases made using cryptocurrencies are carried out directly between the parties without intermediaries or supervisory authorities, This makes it difficult to monitor or interfere with them, thereby limiting the authority of governments and banks over the movement of funds, as individuals can transfer these currencies from one place to another at any time they choose without having to go through financial institutions or undergo regulatory procedures³.

-Cryptocurrencies are decentralized currencies: Since they are virtual currencies with no actual value and are issued by unknown private entities, whether individuals or companies⁴, they are not issued by a central authority such as banks, nor is their circulation supervised. They are digital cryptocurrencies designed to allow users to send money to each other over the internet “peer-to-peer” without the need for a central authority to monitor payments and transfers, while maintaining complete

¹ Nabil Wanas, op. cit., p. 1010.

² Amal Marzouk, op. cit., p. 120.

³ Abdelmalek Toubi, Moncef Cherfi, op. cit., p. 185

⁴ Fatiha Benabi, op. cit., p. 49.

confidentiality¹.

-Encryption feature: Cryptocurrencies use advanced encryption mechanisms to preserve digital values and protect data and privacy, so that the identities of the parties involved remain anonymous and cannot be disclosed. This process relies on converting currency-related information from a clear format to an encrypted format that is difficult to read, using what are known as encryption algorithms. To carry out this process, special keys must be used in the encryption and decryption stages, which ensures that the data can only be accessed by authorized persons. As a result of this mechanism, information is converted from normal readable data into hidden data that prevents unauthorized access, thereby enhancing the level of security and confidentiality in digital transactions².

-Cryptocurrencies achieve transparency in transactions: They contribute to establishing the principle of transparency in financial transactions, as all trading operations, including sales and purchases, are recorded publicly and are available for all users to view. The size of the transaction and the time of its execution can be known with accuracy, but the identity of the parties remains hidden and is not disclosed by the system. This privacy is based on blockchain technology, which records and documents every transaction that is executed. For example, if a person has an electronic wallet, others can see the balance it contains and the number of financial transactions associated with it, and clearly track the transfer of currencies between different wallets. However, the identity of the wallet owner remains anonymous, This ensures collective recognition of the existence of these balances and the validity of their transfer of ownership while maintaining the confidentiality of their owners³.

- Low fees for cryptocurrencies: They allow users to complete payments and transfers at low fees compared to those charged by traditional banks and financial institutions. In conventional banking systems, customers bear multiple costs, such as transfer fees, credit card service fees, and fees for international transfers. In contrast, transactions using cryptocurrencies only require the transfer of encrypted codes from the sender's wallet to the recipient's wallet, eliminating the need for financial intermediaries and the additional expenses that come with them. In addition, these cryptocurrencies free traders from the costs resulting from exchange rate differences between national currencies, as the transaction is carried out using a single digital unit that is not directly linked to traditional monetary systems⁴.

2.2.2 Second Subtitle: Types of Cryptocurrencies

¹ Nabil Wanas, op. cit., p. 1010.

²See: Abdelrahman Maghari, Masoud Kisra, Introduction to Cryptocurrencies in General and Bitcoin in Particular and Their Ability to Perform the Functions of Traditional Currencies, **Al-Adab Magazine**, University of Algiers 03, Issue 03, pp. 47-82, p.56. Nabil Wanas, op. cit., p. 1010

³ Amal Marzouq, op. cit., p. 120.

⁴ See: Saber Ben Maatouk, op. cit., pp. 94-95. Abdelmalek Toubi, Moncef Cherfi, op. cit., p. 185.

There are several types of cryptocurrencies, the most important of which are as follows:

-Bitcoin: It is considered the first successful experiment in the field of cryptocurrencies, as well as the most widespread and most traded worldwide. It has gained this status thanks to its pioneering role and the fact that it has opened the door to an unprecedented financial and technological revolution. Approximately 3,600 units are issued daily, and the current number has reached about 16.5 million units, which are traded within the maximum allowed limit of 21 million Bitcoin units¹.

-Litecoin: It is one of the most prominent cryptocurrencies currently in circulation and is classified as one of the first alternative currencies to appear after Bitcoin. It was created and developed in October 2011 by engineer Charlie Lee, who previously worked at Google. This currency differs from Bitcoin in several technical characteristics, the most important of which is that its mining process is simpler and less expensive, making it easier to use for many traders. It also relies on a completely different encryption algorithm than that used in the Bitcoin network, which gives it a distinctive character. In addition, its transaction processing speed is higher, making it a faster means of exchange compared to Bitcoin².

-Ripple: Also considered one of the most popular cryptocurrencies, it was created by Owen Coin in 2013 and ranks third in the world of cryptocurrencies in terms of liquidity³, one of its advantages is that it allows banks to settle cross-border payments as quickly and cheaply as possible. Ripple differs from Bitcoin in that it supports the traditional banking system, unlike Bitcoin, which wants to abolish it. Unlike other currencies, it cannot be exchanged, as it is used as a payment network and an automated currency trading system⁴.

-NovaCoin: Launched in February 2013, it was built on the principle of open source and benefits from the peer-to-peer Internet protocol, which allows transactions to be exchanged directly between users without the need for an intermediary. However, what distinguishes this currency from most alternative currencies to Bitcoin is its special technical design, as protection and security mechanisms are integrated directly into its infrastructure, which provides an additional level of assurance and prevents attempts at attack or exploitation that may originate from some mining and exploration groups. This currency thus seeks to combine the openness and transparency offered by open source technology with the security features that enhance trust and stability in the digital

¹ Fatiha Benabi, op. cit., p. 50.

² Abdelmalek Toubi, Moncef Cherfi, op. cit., p. 186.

³ Zouhair Boukref, Mohamed Laqoun, The Reality of Cryptocurrencies: Bitcoin as an Example, **Journal of Contemporary Business and Economic Studies**, University Center of Aflo, Vol. 07, No. 02, July 2024, pp. 329-344, p. 333.

⁴ Nabil Wanas, op. cit., p. 1012.

transaction environment¹.

3. Section Two: Risks of cryptocurrencies and the positions of some countries towards them

The widespread proliferation of cryptocurrencies has not been without raising numerous concerns and questions. This proliferation has been accompanied by heated debate about its implications for the economic and security stability of countries (first requirement), which has led to a variety of official positions among countries, with some choosing regulation and legalization and others preferring prohibition and bans. (second requirement).

3.1 First requirement: Risks of cryptocurrencies

Since the emergence of cryptocurrencies, a number of risks associated with them have come to light, stemming primarily from their technical and economic characteristics. Despite widespread expectations that they will bring about profound economic and social change, their use still faces several fundamental risks that could limit their spread and undermine user confidence. The most notable of these risks include:

1_The lack of security guarantees for cryptocurrencies and digital platforms and threats to their safety. The decentralized issuance of currencies means that there is no entity to guarantee these assets, and therefore their acceptance depends entirely on user confidence. Storing money and using it in online transactions shifts the responsibility for securing the money from the bank to the owner, who must be able to navigate the electronic environment safely, be aware of potential threats, and be able to ensure adequate software protection against viruses, fraud, and intrusion. On the other hand, the decentralized nature of cryptocurrencies means that there is no central authority to arbitrate in the event of disputes or to turn to in the event of theft or loss².

2_ Users' lack of experience with the volatility of cryptocurrency prices makes them vulnerable to easy losses, as these currencies are not linked to existing and clear indicators that follow specific decisions or market trends and mechanisms. Despite the electronic protection that cryptocurrency promoters try to provide, the risk of hacking, theft, and fraud remains among the negatives that cannot be ignored or simply avoided, especially with the development of technological means and the increase in the rate of cybercrime in the world. Furthermore, the absence of a legislative and regulatory framework for the use of cryptocurrencies leaves their users vulnerable to errors, theft, and fraud without any legal protection or the possibility of resorting to the courts to

¹ Fatiha Benabi, op. cit., p. 51.

² Amal Marzouq, op. cit., p. 122.

challenge related transactions¹.

3_ Dealing in cryptocurrencies facilitates money laundering and terrorist financing, as it provides a fertile environment for money laundering and the financing of illegal activities. Economic criminals find this system an effective means of concealing and transferring the sources of illegal funds, as users are able to deposit and transfer these currencies without disclosing their true identity. Transactions are carried out on a peer-to-peer basis without the need to enter personal data or link digital addresses to specific names. What makes the matter even more serious is the absence of a financial intermediary that can notify the regulatory authorities of suspicious transactions, making tracking more complicated. Furthermore, the technical infrastructure of these currencies is widespread globally, making it difficult to intercept or monitor them, especially with the exploitation of the so-called dark web, which provides additional space to conceal such activities².

These risks have a direct impact on financial and security stability at the national and international levels, as the use of cryptocurrencies in money laundering and terrorist financing hinders the efforts of financial regulators and central banks to track illicit money flows. It also leads to the creation of parallel financial networks operating outside the legal framework, which may undermine confidence in traditional banking systems and exacerbate the size of the informal economy. In addition, the cross-border nature of these currencies makes them an ideal tool for criminal groups and terrorist organizations to finance their activities away from state oversight, posing a real threat to global economic security and making it more difficult to develop effective regulatory frameworks to curb these practices.

4_ Risks of dealing with cryptocurrencies on the monetary policy of central banks, as cryptocurrencies have clear implications for the monetary policy of central banks, both in terms of the tools used and the objectives pursued. The emergence of these currencies has weakened the central bank's monopoly on the function of issuing currency, as other parties have entered the fray by creating digital units that are used as means of payment and exchange. This has led to an imbalance in the central bank's ability to control the money supply, both in terms of supply, which is increasing thanks to the spread of cryptocurrencies, and demand, which is declining for paper money as a result of users turning to digital alternatives. This has also affected the central bank's function as the "bank of banks," as the need for its services has decreased with the expansion of cryptocurrency use. In addition, the central bank's role in monitoring and directing credit faces many difficulties due to the decentralized nature of cryptocurrencies and their resistance to direct supervision. Traditional monetary policy tools such as open market operations, reserve requirements, and rediscounting have become less effective as the volume of digital currency trading has increased, reducing the need for legal

¹ Dahbia Belaid, Amal Mazour, op. cit., p. 195.

² Saber Ben Maatouk, op. cit., p. 105.

tender, which leads to an increase in excess liquidity at commercial banks and reduces their dependence on the central bank, thereby weakening its influence on their policies. The banking system's ability to generate money is also affected, as cryptocurrencies move directly between wallets and individuals without passing through banking channels, reducing the traditional role of the banking system in creating money¹.

These changes ultimately affect national financial stability, as the central bank loses some of its ability to control monetary policy in order to balance the supply and demand for money, ensure price stability, and protect the purchasing power of the national currency. Furthermore, the reduced effectiveness of monetary intervention tools may lead to greater volatility in liquidity levels and inflation rates, as well as a potential loss of confidence in the traditional banking system if reliance on cryptocurrencies continues to grow. which could create a parallel financial environment that threatens macroeconomic stability and limits the ability of monetary authorities to protect the national economy.

3.2 Second requirement: Some countries' positions on cryptocurrencies

The official positions of countries on cryptocurrencies have varied, and the policies adopted towards them have differed. Some countries have seen these currencies as an opportunity to boost the digital economy and have opted for regulation and legalization, while others have preferred to adopt a ban and prohibition approach to protect their national economies from any potential disruptions. Among these positions, we mention:

1_ Germany's position: Germany has taken a progressive official stance toward cryptocurrencies, recognizing them as a form of tradable electronic money, in 2013 the German Ministry of Finance announced that cryptocurrencies, primarily Bitcoin at the time, would be considered a unit of account, making them legally a type of tradable electronic money. The government has made profits generated from companies' transactions in these currencies subject to tax, while individual transactions remain exempt from any tax obligations. The German authorities reinforced this approach by passing a law in 2020 aimed at integrating all securities into the economic system as part of a broader national strategy to adopt blockchain technologies and expand their use in financial transactions. Germany is thus considered one of the leading models in regulating cryptocurrency transactions, balancing the promotion of innovation with ensuring financial oversight².

The German position represents a step forward within the European Union, as it is considered a regulatory model that other European countries can use as a guide in formulating their policies towards cryptocurrencies. On the one hand, it reflects openness to digital innovation and a desire to keep pace with global financial changes.

¹ Fatiha Benabi, op. cit., p. 59.

² Ibid., p. 54.

and on the other hand, it shows an effort to ensure oversight and protect the tax and financial system from any potential risks.

2_ China's position: China is one of the most prominent countries that has played a pivotal role in the field of mining and trading cryptocurrencies, foremost among which is Bitcoin. For a long time, it accounted for the largest share of global mining capacity thanks to its abundant and low-cost energy, as it possessed approximately 60% of the world's total mining capacity. However, the Chinese authorities have long expressed growing concern about the financial and security risks associated with these currencies, prompting them to adopt a series of regulatory measures since 2017 aimed at curbing related activities, starting with a ban on initial coin offerings and the closure of local trading platforms, to imposing strict restrictions on financial institutions to prevent them from providing any services related to cryptocurrencies. In 2021, the Chinese State Council tightened its stance by launching a nationwide campaign to combat mining and trading operations as part of an official drive to protect financial stability and curb the use of cryptocurrencies in illegal activities such as money laundering or unregulated speculation. This came shortly after three state-backed Chinese industry associations pledged to impose stricter restrictions on cryptocurrency trading. This move confirms China's strict official stance on cryptocurrencies, while focusing on developing a sovereign digital currency for the central bank (the digital yuan) as a secure alternative that is subject to government control and serves the national economic strategy¹.

3_ The position of the United States of America: The position of the United States of America towards cryptocurrencies is characterized by gradualism and caution, as there is still no official recognition of them as legal tender. However, the financial authorities have dealt with them from multiple angles. The Internal Revenue Service has classified these currencies as taxable assets, which requires individuals and institutions to disclose their holdings and report profits from trading them on their tax returns. On the other hand, the Securities and Exchange Commission has deemed financial products based on Bitcoin or other cryptocurrencies, including investment funds, ineligible for listing or trading on regulated markets. Meanwhile, the Commodity Futures Trading Commission (CFTC) took a different stance when it classified Bitcoin as a commodity and allowed it to be traded on futures markets. The US Treasury Department has clarified that cryptocurrencies, particularly Bitcoin, do not have the status of legal tender in commercial transactions. However, the United States has not issued legislation completely prohibiting their use, whether by individuals, institutions, or even banks, making it a relatively open area for experimentation and investment in this field. At the same time, the Federal Reserve has begun studying the possibility of launching its own sovereign digital currency, in a move that reflects the monetary authorities' interest in keeping pace with technological developments and ensuring continued US leadership in the global financial system².

¹ Nabil Wanas, op. cit., p. 1015.

² Fatiha Benabidi, op. cit., pp. 54–55.

Based on this, it can be said that the official US position towards cryptocurrencies is based on not recognizing them as a legal means of payment, subjecting them to tax and regulatory oversight, and moving towards the preparation of a comprehensive legislative framework to regulate the industry rather than ban it.

4_ The position of the United Arab Emirates: The United Arab Emirates has encouraged the use of blockchain technology within the banking and financial sector and the establishment of digital economy concepts. In 2016, the government of the Emirate of Dubai adopted private or closed blockchain technology used in cryptocurrency mining, followed by the federal government of the UAE in 2018. They used it to facilitate digital government services with the aim of ensuring information confidentiality and preventing unwanted parties from accessing the network and using its data. This is considered a key factor in the UAE's entry into the world of cryptocurrencies, which are based on a secure network through which a national digital currency can be managed securely. In 2017, the government of the Emirate of Dubai announced an initiative to launch a legal digital cryptocurrency called (Em Cash), which will be available to the public and can be used for commercial payments, government fees, and financial transfers¹.

5_ Egypt's position: The Central Bank of Egypt announced that it has no intention of trading or issuing special legislation or laws that allow trading in cryptocurrencies and recognizing them as financial products in financial and banking transactions. There is no special legislation in Egypt that allows trading in cryptocurrencies, and transactions are only conducted in official currencies. Financial regulators will pursue those who establish such transactions. Furthermore, dealing with them within Egypt is the responsibility of those who deal with them. In December 2017, the Financial Regulatory Authority in Egypt announced that encouraging investors to deal in cryptocurrencies is a form of fraud that is subject to legal liability. According to Central Bank Law No. 194 of 2020, Article 206 prohibits the issuance, promotion, or trading of cryptocurrencies, as well as the creation or operation of trading platforms and all related activities².

6_ Algeria's position: The Algerian Finance Law of 2018 prohibits the trading and circulation of cryptocurrencies, prohibiting the purchase, sale, possession, and circulation of these currencies. This prohibition aims to establish strict and rigorous control over this type of anonymous digital transaction. Article 113 states that: "The purchase, sale, use, and possession of virtual currency is prohibited. Any violation of this provision shall be punished in accordance with the laws and regulations in force³". Recently, Algerian lawmakers have not only banned and prohibited the trading of cryptocurrencies, but have also criminalized all transactions involving digital currencies, including cryptocurrencies, through amendments to Law No. 05-01 on the prevention and combating of money laundering and terrorist financing, pursuant to Law

¹ Nabil Wanass, op. cit., p. 1016.

² Fatiha Benabi, op. cit., p. 56.

³ Ibid., p. 52.

No. 25-10, Article 06 bis, which states: The issuance, purchase, sale, use, possession, trading, promotion, or creation or operation of platforms for trading virtual assets, which are considered property, proceeds, funds, or other assets, or any other equivalent value, as a means of payment or recognition as currency/means of investment, is prohibited. The prohibition includes activities related to the mining of virtual currencies¹.

These crimes are punishable by imprisonment for a period of two (2) months to one (1) year and a fine of 20,000 to 1,000,000 dinars, or by one of these two penalties, in accordance with the provisions of Article 31 bis of the aforementioned Law No 25-10.

4- Conclusion

At the conclusion of this study, we found that digital currencies represent one of the most prominent manifestations of the digital revolution in the financial sector. Since their emergence with Bitcoin in 2009, they have been able to establish themselves as a new monetary alternative that transcends the traditional constraints of banking systems. They are based on unique technical characteristics, the most important of which are encryption, decentralization, speed, and privacy, which make them highly attractive for commercial and investment transactions around the world. However, these same characteristics have given rise to serious risks to the economic and security stability of countries, ranging from sharp price volatility and the difficulty of regulating them to the possibility of their use in money laundering and terrorist financing.

International positions have varied, with some countries, such as the United States, opting for a flexible regulatory policy, while Germany has adopted an approach of legal recognition and tax regulation, and China has taken a path of gradual restriction and prohibition. Algeria, on the other hand, has taken a strict stance by explicitly banning and criminalizing all transactions in cryptocurrencies. This divergence reflects the absence of a unified international legal framework capable of regulating this cross-border phenomenon. The future of cryptocurrencies remains contingent on the ability of states and the international community to develop rational regulatory frameworks that accommodate technical and economic transformations without compromising financial and security sovereignty.

Based on this, the most important conclusions can be summarized as follows:

1_Cryptocurrencies are not just a means of payment but also a financial and investment tool that has an impact on the global monetary system.

2_Their decentralized nature and the absence of official oversight are a double-edged sword, stimulating innovation on the one hand and posing economic and security risks on the other.

¹ Law No. 25-10 of July 24, 2025, amending and supplementing Law No. 05-01 of February 6, 2005, on the prevention and combating of money laundering and terrorist financing, Algerian Official Gazette, No. 48, dated July 24, 2025.

3_ International responses vary between encouragement, regulation, prohibition, and criminalization, reflecting the different interests and economic and security priorities of different countries.

4_ Algerian lawmakers have adopted a strict preventive approach based on prohibition and criminalization, reflecting their fear of potential risks rather than openness to economic benefits.

The most prominent recommendations that can be proposed are:

1_ The need to formulate an international or at least regional legal framework to regulate the use of cryptocurrencies in a way that balances the protection of financial stability with the promotion of digital innovation.

2_ Developing advanced technical control mechanisms to combat financial crimes associated with these currencies, particularly money laundering and terrorist financing.

3_ Encouraging scientific research and innovation in the field of blockchain technology, given its vast potential that goes beyond cryptocurrencies and encompasses various economic and administrative sectors.

4_ For Algeria, consideration could be given in the future to introducing legislation allowing for the adoption of a sovereign digital currency issued by the central bank, thereby ensuring the benefits of digitization while maintaining financial and security stability.