Virtual Currencies A New Challange For National Legislation

العملات الافتراضية تحد جديد للتشريعات الوطنية

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Abstract *:*

The study deals with the challenges imposed by the emergence of Virtual or crypto currencies on the national legislations of countries, including Algeria, in light of their growing images and high rates of circulation and the increasing number of users globally, the need to keep up with the law, whether by recognizing them and working to regulate and regulate dealing with them and providing legal protection to users by creating a regulatory mechanism for them, or not recognizing them completely and then working to prevent dealing with them and impose control on this and criminalize all forms of dealing with them, especially in light of the instability of their markets, the high risks of using them and the lack of knowledge of wallet owners, and on the other hand lack of national or international banks It works on its instrument, protecting its trading and protecting its value in the trading market.

Keywords: *currencies, Virtual, crypto, national legislations.*

الملخص :

تتناول الدراسة التحديات التي فرضتها ظهور العملات الافتراضية او المشفرة على التشريعات الوطنية للدول و منها الجزائر في ظل تنامي صورها و ارتفاع معدلات تداولها و تزايد عدد مستعمليها على الصعيد العالمي ، بضرورة المواكبة القانونية لها سواء بالاعتراف بها و العمل على تنظيمها و تنظيم التعامل بها و توفير الحماية القانونية لمستعمليها من خلال إيجاد آليا ت رقابية لها ، أو عدم الاعتراف بها نهائيا و من ثم العمل على منع التعامل بها و فرض الرقابة على ذلك و تجريم جميع صور التعامل بها خاصة في ظل عدم استقرار اسواقها و ارتفاع مخاطر استعمالها و عدم معرفة أصحاب المحافظ،و من جهة أخرى عدم وجود بنوك وطنية أو دولية تعمل على صكها و حماية تداولها و حماية قيمتها في سوق التداول.

الكلمات المفتاحية : العملات ، الافتراضية ، المشفرة، التشريعات الوطنية.

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1. *Introduction*

Currency is considered a manifestation of the sovereignty of countries, as each country works to mint its national currency by its central bank under a specific name and works to organize, monitor and protect it according to strict laws, which are put into circulation among members of society, as it is considered a means of transferring value and exchanging various goods and services, and is used to conduct various financial and economic commercial transactions between individuals and institutions and even between countries such as the dollar and the euro, and currencies usually take the form of banknotes and coins, which are known as traditional currencies.

However, at the end of the twentieth century and the beginning of the twenty-first century, the world witnessed a major revolution in the field of digital technology that led to the emergence of the Internet, which became a fertile field and a parallel world to the physical world in all activities, especially commercial, economic, service and financial transfer activities, characterized by speed in transactions, thus transcending geographical borders and legislative restrictions of countries, which required the necessity of finding payment mechanisms that keep pace with this development instead of traditional payment and the dominance of major currencies and currency wars such as the dollar and the euro in order to control means of payment in international trade (وديع و محمد,2019, page 522), in addition to the collapse that struck many global banks due to the global financial crisis, which prompted the search for an alternative, which led to the emergence of a new type of money that became known as encrypted digital assets (أبو جيب - هاشم, 2019, page 7), including digital currencies, or what are known as virtual currencies or crypto-currencies, which take digital platforms known as the trust chain or block chain as a field for trading and dealing with them, and many of these currencies have appeared at the international level, including Bitcoin, Altcoins, and Tokens, and they are increasing daily, and not a day goes by without dozens of digital currencies appearing under different names.

Because the traditional or electronic national currency issued by the state is organized by a legal framework that includes national legal rules that protect dealers from all risks such as fraud, counterfeiting or

tampering with the currency, considering it a symbol of national sovereignty and one of the tools of the economic cycle, this legal framework does not exist for virtual currency, which raises the question of what virtual currencies are and how national legislation has dealt with them, including the Algerian legislator?

The importance of this research paper is that this type of currency is a financial innovation that combines economics and finance on the one hand, and modern technology (software) and security, or what is known as cryptography, on the other hand. Despite its modernity, it represents a qualitative technological leap that threatens to change the global financial system, especially after digital currencies invaded the financial markets with a total value estimated at more than$3.6 trillion by December 18, 2024 (بيتكوين ليست الأفضل بين العملات المشفرة رغم تخطيها 100 ألف دولار، 2025) and because of the expected increasing importance it is gaining and pushing it towards more globalization in a way that is difficult to predict, it also poses the risk of losing control by pulling the rug of monetary sovereignty from the hands of national banks of countries and what that entails of opportunities and challenges, and it heralds a radical change in the financial intermediation sectors and their business model.

We will try to address this topic through three sections.

2. *The Nature of Virtual Currencies*

In this section, we will discuss the definition of virtual currencies, their origins, and their distinction from electronic digital money.

2.*1 the nature of virtual currencies.*

Encrypted or tokenized virtual currencies are a digital financial innovation that has led to a revolution in the financial system. After they appeared at the hands of one or more persons, their repercussions extended to include many countries and financial and economic institutions around the world at the economic and legislative levels, after dealing with them reached a level exceeding the size of the economies of individual countries, considering them as cash that is exchanged and achieves the known conditions of accreditation, as a medium of exchange, a standard, a store of value, and a means of settlement and payment.

Linguistically, we must refer to its source in the English language, as the virtual encrypted currency (Crypto-Currency) consists of two words; ((Crypto is an abbreviation of the English word (Cryptography) which means "encryption" and the word (Currency) which means "currency", and the two words together mean encrypted currency.

As for the terminology, the definitions of virtual currencies have varied in view of their functions and the limits of their application, but they almost unite in meaning as a decentralized virtual digital currency, an asset designed and registered electronically or digitally, usually without a central authority, issuing body or organization, but instead uses a decentralized system to record transactions and manage the issuance of new units, and relies on encryption to prevent forgery and fraud. Virtual currency can also be defined as digital units (values) that depend in their issuance and trading on distributed database technologies such as block chain technology with the help of cryptography, which allows them to be traded securely between different parties without the need for prior knowledge between them or an intermediary to carry out the clearing process. (أبو جيب - هاشم,2019, Page 5)

European Banking Authority recognized it EBA is a digital representation of value that is not issued by a central bank or public authority and is not necessarily linked to a traditional currency, but is accepted by natural or legal persons as a means of exchange and can be transferred, stored or traded electronically, while the Financial Action Task Force (FATF) defined it as a digital representation of value that can be traded electronically or digitally and acts as a means of exchange, a unit of account and a store of value and has no legal basis in the country, is not issued with a guarantee from any country and performs its function only by agreement within the community of digital currency users, and differs from the legal currency of a particular country in that there is no legal cover (شعبان، دانية الطويقات, and others, March 2020, page 9).

The European Central Bank introduced digital currencies in the year2012 as "a type of unregulated digital money, usually issued and controlled by developers, that is used and accepted among members of a particular virtual community", and the US Treasury Department defined it in 2013 as "a medium of exchange that functions as a currency in some

environments, but does not have all the characteristics of a real currency", and defines virtual currency as "a tradable, encrypted digital token that can be read and traded over a special platform over the Internet to record direct and secure exchange transactions between people who have agreed on a value for it.

Accordingly, virtual, encrypted or digital currency can be defined as a digital code that can be traded and used to pay for goods and services. It can be read and traded through a network of electronic devices via digital platforms using the Internet to record direct, secure exchange transactions between people who have agreed on a value for it. The code regulates the mechanism for issuing new units to prevent counterfeiting or tampering and to protect dealers without having a legal framework or a central authority or regulatory bodies that control and regulate the process of issuing, trading, exchanging, supervising or monitoring it, in addition to the lack of real representation for it in exchange for legal currencies and no monetary support for it, as it is traded digitally only.

Virtual currency does not have a physical existence, as it exists only in digital form in the virtual realm. However, it has common characteristics with money or physical currencies, as it allows payment in various transactions in an immediate and secure manner by encrypting it via the digital platform known as the blockchain , and many of these currencies have appeared at the international level, the most important of which is Bitcoin, followed in reputation, spread and general acceptance by Ethereum, Ripple and Bitcoin Cash., litecoin ,Litecoin, Dash, Monero, Altcoins, Tokens, and more.

virtual currencies have many advantages. In addition to the fact that decentralized distributed digital values are a secure means of representing any assets or rights, they can be programmed to automatically transfer from one individual to another when certain conditions are met within the framework of transactions and e-commerce without the need for a guarantor or intermediary party (such as Visa and MasterCard) in order to increase transparency and speed and reduce payment and transfer fees, which has become known as (smart contracts).

2.2 *the emergence of virtual currencies*

Money is a store of value, a means of exchanging goods and services, and a unit of account to measure value. Before discussing the emergence of virtual currencies, we must first discuss the emergence of regular money. How did it appear?

Before the invention of regular money, ancient human societies relied on barter in commercial activity and in the exchange of goods and services (a measure of grain in exchange for grain or animals, for example), but this method was no longer very effective (وديع و محمد,2019, p. 252).

As societies developed, commodity money made of metals such as copper, bronze, silver and gold emerged as a symbol of the sovereignty and power of states over their territories and citizens, while some states created fiat money (although it was money that had no value other than representing a promise to pay) such as paper money that appeared in China during the eighth decade of the Tang Dynasty. Fiat money in its first form was not stable or widely accepted, because citizens did not trust it and did not believe that the issuer would fulfill its obligation to return the money.(بوفيريه و فيكرام هاكسار,2018, p. 26),

Ancient civilizations, whether in India, Babylon, ancient Egypt, Greece, Greece, or Rome, also knew the minting of coins as a symbol of rule and sovereignty over regions and to facilitate individual transactions. Islamic civilization also knew the minting of coins.

Europeans continued to use coins in transactions until the seventeenth century (thanks to the acquisition of precious metals from the colonies to keep minting more and more money) to then appear banknotes issued by banks to depositors and borrowers to carry instead of coins, these banknotes could be taken to the bank at any time and exchanged for the equivalent value of gold or silver coins, and the securities were used to purchase goods like many currencies today but they were issued by banks and private institutions and not by the government which is now responsible for issuing currency in all countries, to then adopt the securities as an official currency with a monetary value alongside coins as

a means of payment for various goods and services, to then approve and adopt what is known as electronic money as a technical mechanism resulting from the use of information and communication technologies by the national banks of countries as well as various banks and financial institutions, which depend on issuing magnetic cards with electronic chips carrying an electronic monetary value, and various financial transactions are carried out using electronic media such as computers and electronic payment methods.

The first digital currency appeared in the year1990 and was called the Dot-com bubble, in 1996 the e-gold currency was launched as the first widely used digital currency on the Internet before it was stopped by the US government in 2008 (Digital currency, Wikipedia, p2). In 2006, another currency was launched known as Liberty Reserve, which allowed the conversion of amounts from dollars or euros into units of its currency. In 2009, the social media Twitter created the Twollar currency to reward important contributions, thank a friend, or make a contribution to a cause or to a non-governmental organization.

Technically, the research paper issued in 2015 is considered2008 under the title Bitcoin: A peer-to-peer electronic cash system and published by a programmer (or group of programmers) on the Internet under the pseudonym **Nakamoto Satoshi** The first seed or foundation for virtual currencies (منير ماهر أحمد.أحمد سفيان عبد الله. سهيل بن شريف,2018, p. 103), and he is also considered the first to establish the first digital currency, which he called in English “Bitcoin”.whereThe word consists of two syllables, the first Bit means "electronic data storage unit", while coin means currency, so the literal translation of the name is "electronically stored currency".

The advanced technological climate and the huge revolution in the field of software and communication technologies have provided the appropriate and fertile climate for the emergence of virtual currencies (منير ماهر أحمد.أحمد سفيان عبد الله. سهيل بن شريف,2018, p. 105.) It was not more than six months until a research paper was published revealing a completely new vision for exchange transactions, which is called Block chain (أبو جيب هاشم -, 2019, p. 12), which is a shared database between a large number (estimated in the millions) of computers and smartphones connected to each other through the global Internet and is not composed of a single

entity, person, or company (such as banks), as no person, entity, or authority has control over it or over the transactions conducted on the system.

Blockchain is the electronic platform used by digital currencies to carry out secure transactions. It can be considered as operating systems Windows or Android) where each digital currency is an application that runs on the operating system. Therefore, the shared platform and database "Block chain" works like a distributed ledger, where transactions are recorded and verified by a network of nodes, which means that previous transactions can be searched to verify that only the "real" owner can use the virtual currency at any time. Coin owners can use personal keys to initiate transactions, and the idea of Block chain resulted from replacing trust in the centralization of a single entity (the bank or bank) with decentralization and trust in the masses of those present on the block chain.

Despite the absence of a regulatory or supervisory entity, what gives Block chain this high level of trust and advanced level of security is the way it works, where all those present or connected to the network are observers of transactions made using digital currencies, where every transaction made is recorded on all devices connected to the network and the network data and any operations that occur on it are updated regularly every very short period of time. If someone decides to hack the network, steal currencies, rob another person, or counterfeit currencies, he is forced to hack all devices connected to the network, or at least two-thirds of them at the same time, to erase the data already recorded on them and replace it or create other data in his favor within a period of less than ten minutes (the system update cycle), and this is practically almost impossible.

- The importance of virtual currencies: Despite their recent emergence and use, virtual currencies have achieved many advantages, whether for the consumer or for merchants and businessmen.

- For the consumer: What matters to the virtual currency dealer is to benefit from the difference between its displayed value and its stored value, ease of use, a sense of security and privacy, away from various

control mechanisms, getting rid of the legal restrictions imposed by laws and financial institutions, freedom in transactions, in addition to low costs.

- For merchants: merchants are tempted to expand their customer base and attract new customers, and the resulting increase in sales, by taking advantage of the advertising campaigns employed by the issuers, promoters and speculators of these currencies to acquire them and use them as a more efficient alternative to traditional paper money. In addition, dealing in virtual currencies is a mechanism for tax evasion (منير ماهر أحمد.أحمد سفيان عبد الله. سهيل بن شريف,2018, p. 106).

2.3 distinguishing virtual currencies from electronic money

The French legislator defined in the first paragraph of Article 315 of the French law on electronic money is a monetary unit stored in electronic form, including magnetic form, which represents a debt owed by its issuer, which is issued against a deposit in order to complete payment operations, which is accepted by a third natural or legal person, and the nominal value of each unit of electronic money must be equivalent to the value of the money deposited against it.

Electronic money is defined as a monetary value stored in the form of numbers on an electronic device or in personal computer programs used to fulfill various monetary obligations. It performs the same function as paper or metal money, and is issued by an official source or central authority (العقابي,2008, p. 81).

Some see virtual currencies as nothing more than a model of the natural digital technological development of electronic money, which was achieved through the discovery of block chain, which has applications other than money (أحمد، سهيل بن شريف ، و احمد سفيان عبد الله,2018, p. 104).

Electronic money differs from encrypted virtual currencies procedurally, as the former is a reflection of accounts of cash that are due to an existential state as is the case with electronic payment methods (magnetic cards, electronic checks, etc.) that express a digital balance of a sovereign currency, i.e. there is an electronic equivalent to traditional money that is originally based on values equal to the value of a sovereign currency subject to the control of a central bank - which is also called

representative electronic money (أحمد، سهيل بن شريف ، و احمد سفيان عبد الله 2018, page 99), while the virtual digital second only exists in cyberspace; it is an authentic electronic money that is not an obligation on its source.

Electronic money always has a guaranteed monetary value, unlike virtual encrypted currencies, which vary, as the term tokens appeared.Tokens) which includes an encrypted digital value that does not necessarily carry a tradable financial value and is not necessarily used as a currency, while the term digital currency (Coin) was used to indicate the representation of the digital value of a tradable financial value (أبوجيب و هاشم, 2019, age 5).

This distinction seems reasonable because it distinguishes between old studies on electronic money and modern ones that mean a special type of it, which is encrypted virtual currencies. It is necessary to point this out so that it is not confused with the issuance of electronic money by some central banks for the purpose of keeping pace with... Developments, maintaining its sovereignty and responding to the requirements of the era and technology.

3. Types of virtual currencies and their trading mechanisms

In this section, we discuss the types of digital currencies and their trading mechanisms.

3.1 Types of virtual currencies

Virtual currencies vary according to their privacy, classification criteria, and the services they provide in order to gain general acceptance.

According to the European Central Bank classification, virtual currencies are divided into three main types according to their reliance on legal currencies as follows:
1/ Virtual currencies that are used on a small scale, such as those used in electronic games.

2/ Virtual currencies linked to legal currencies or the economy individually, which are currencies that have an exchange rate against legal currencies and can be used as a currency to purchase electronic goods. 3/

Virtual currencies linked to legal currencies or the real economy bilaterally, which are currencies that have an exchange rate against legal currencies and can be used as a currency to purchase electronic goods or real physical goods (شعبان، دانية الطويقات, and others, March 2020, page 10).

While the Financial Action Task Force classifies FATE Virtual currencies are divided into two sections:

1/ Convertible virtual currencies: They are characterized by having an equivalent value to real currency and can be exchanged for legal currency in both directions, such as Bitcoin. 2/ Non-convertible virtual currencies: They are considered a currency specific to a specific range, as they can only be exchanged within this range, but they cannot be exchanged for legal currency, such as those used in electronic games. However, it is possible to exchange this type of currency for legal currency or a convertible digital currency through a secondary market. Virtual currencies are also divided into:

1/ Centrally convertible virtual currencies: This type of currency has a central authority responsible for it, in terms of the process of issuing it, determining the rules for its use, trading and exchange, and it is kept in central records, and it has the authority to retrieve the currency. The currency price can also be either floating, determined based on the principle of supply and demand, or fixed, determined by the responsible central authority so that it is measured in real currency or anything else of value such as gold or a basket of currencies, an example of which is electronic/digital gold currencies e-gold.

2/ Decentralized convertible virtual currencies: These currencies are distributed and open source to the public and rely on algorithms in their extraction, and there is no central authority responsible for them or monitoring them. Examples of them include Bitcoin, Litecoin, and Ripple (شعبان، دانية الطويقات, and others, March 2020, page 11).

There are other divisions of virtual currencies (أبوجيب و أشرف هاشم,2019, page 17) We mention among them:

- The standard of the implicit value of virtual currency: by providing the means that achieve stability in value for these assets or give them value in

themselves, whether by linking them to another financial or non-financial asset, or ensuring their exchange in exchange for a service, and other means, and it is divided into:

- Digital assets guaranteed by an authority: Their value is guaranteed by a regulatory or supervisory authority, such as the Virtual currencies proposed to be issued by central banks such as the European Central Bank or the Chinese Central Bank, which seeks to issue its digital currency backed by the country's official currency (the yuan) through commercial banks in China.

-Gold-backed virtual currencies: An example of these currencies is what Gold Mint does. Which transfers loans secured by gold and registered within its own blockchain network known as MINT into a token called GOLD, the value of which is equivalent to the value of an ounce of 999-gram gold according to the London Stock Exchange price. When the company sells a GOLD unit, it invests the amount in loans secured by gold around the world.

- Virtual currencies backed by fiat currencies :They are encrypted digital currencies backed by paper currencies, where the issuing company guarantees a certain value of traditional paper currencies in exchange for those virtual currencies. Thus, these currencies aim to be stable currencies linked to the value of another relatively stable asset such as gold or the dollar. Usually, this type of Virtual currencies can be traded in financial markets and its value can be recovered from the issuer in paper currency. The cost of maintaining the stability of this currency is linked to the cost of maintaining a reserve balance of paper currency, in addition to the costs of legal compliance, auditing, and other requirements required by the regulatory authority.

4- Virtual currencies covered or backed by financial assets or rights These are currencies that are linked to a financial asset. This link may be direct and of a specific value by giving its holder the right to obtain a financial consideration, an asset or a right, which can be called full coverage. Thus, these virtual currencies are linked to the value of an existing physical asset, as they act as a claim on the underlying asset that they represent, and they can be traded as an asset without the need for the actual transfer

of the underlying asset, which remains the responsibility of its issuer to keep.

-Virtual currencies backed by benefits, services or work: These virtual currencies try to secure a value for themselves in the market by providing some benefits or services to their holder in addition to the possibility of using them as a means of payment. Examples of these include video game currencies, social media, and some companies that rent electronic spaces (cloud storage).

- Virtual assets backed by cryptocurrencies: These are digital cryptocurrencies backed by other virtual currencies as a type of additional guarantee for their stability. They are similar in principle to stablecoins backed by paper currencies, except that they are done at the block chain level.

- Virtual currencies not covered by any guarantee: These are currencies that are not supported or covered by any other asset, and they derive their strength from their general acceptance and the trust of those who deal with them, and they derive their value from their advanced technical structure and services.

The standard of the job provided by virtual currencies differ in their function. There are currencies for payment, currencies for investment and speculation, and others that may combine several functions.

-Virtual currency as a means of payment This is the first function of virtual currencies such as Bitcoin and others. We find that the main goal of their creation was to use them as a means of payment before they were transformed into other functions.

-Virtual currency is a means of storing value (store of value): Virtual currency can be used as a reliable source of value storage, especially if they are backed by physical assets such as gold or the dollar, or issued by reliable institutions or widely accepted in the market. Accordingly, the category called stablecoins emerged, which are currencies that aim to achieve stability in their value. Therefore, this type is not suitable as an investment tool and does not attract speculators (أبوجيب و أشرف هاشم,2019, pp. 22, 23).

- Virtual currency as a means of investment: This type of virtual currency aims to increase its value over time to achieve profit. The widespread use of encrypted digital currencies and the increasing demand for them have led to a significant increase in their prices, which has prompted several companies to create encrypted digital currencies that are not backed by assets in order to ensure attracting speculators who are looking to achieve capital gains by trading them. The issuers of these currencies do not seek to issue a stable currency or have characteristics that allow it to be exchanged safely and quickly, but rather seek to issue currencies whose value increases over time or at least fluctuates in their prices in a high way that makes them an opportunity for speculators to achieve quick profits.

3.2 trading currency Virtual

Virtual currencies, after a period of their emergence, have enjoyed great popularity among individual investors and many global companies and institutions active especially in the field of e-commerce, where digital virtual currencies have become classified as among the most widely traded financial instruments around the world. (أبوجيب و أشرف هاشم,2019, p. 12).

First/ Trading virtual currencies are traded online in more than one way:

1/Through stock exchange trading: Just like foreign currencies that can be traded in the Forex market, virtual currencies can be traded using this mechanism, where you can wait for the daily or weekly fluctuations that occur in their price value, and then exploit the rise and fall of the price value by buying or selling the currency.

2/ Trading through a broker: Where you resort to a Forex broker who has access to the stock exchange, and provides you with a trading platform to manage your trading from, you can start your investment with it in virtual currencies with ease, and without the need for great experience in the world of trading, it only requires learning the basics, and then you can sell and buy digital currencies according to the deal that you see is appropriate for you.

3/ Through futures contracts: Virtual currencies are traded at a specific price with a specified future delivery time, and they are also known as derivative contracts, because the value of the financial instruments that are traded, regardless of their type, is derived from another asset class, and in it the two parties agree on the date of sale and purchase in advance, but at a deferred date, i.e. they are traded through contracts for differences, which is a deal between two parties (seller/buyer) specified by a specific time frame, which is the same pattern followed in trading commodities, stocks, precious metals and other financial instruments

4/Through binary options: Where an expected price for the virtual currency is determined within a future period of time, and the person has the right to buy the currency when its price rises at a price previously determined with the seller, while he also has complete freedom to choose not to complete the purchase process if the price comes lower than the expected price that he had predicted, and then the buyer will keep his shares of the virtual currency.

In this method, trading virtual currencies is similar to trading forex and trading foreign currency pairs, meaning trading virtual currency against the US dollar, such as trading Bitcoin through the pair (BTC/USD) or Bitcoin trading (LTC/USD), and this is available on the best virtual currency trading platforms regardless of the currency used to open the account, meaning that if the trading account is in British pounds, for example, it is possible to trade the virtual currency against the US dollar without any problem.

5/ By investing in funds: It is also an easy way to trade virtual currencies, in which a group of investors can invest in funds that buy digital currencies, and the most famous of these funds is the Grayscale Bitcoin Investment Trust, which trades as GBTC. The success of this fund led Grayscale to launch four more cryptocurrency funds: Bitcoin Cash Investment Trust, Ethereum Investment Trust, Litecoin Investment Trust, and XRP Investment Trust.

Many trading platforms have been found on the Internet. We will mention the most important ones in terms of trust, trading volume, value of currencies, their number, and the possibility of converting them into legal currencies:ex Platform Huobi: It is an Asian-Chinese platform operating

from Singapore,and location Bittrex: It is located in the United States of America and allows trading in many virtual currencies, and location CEX: It relies on Visa for trading, and it also has a platform that allows you to withdraw money.

- Platform Poloniex: It is one of the most important reliable platforms and provides margin trading services. It also provides buyers with the digital currency they want or speculate in.

- Platform Bitfinex: It is limited to some currencies with high market value such as Bitcoin, but its trading volume reaches more than half a billion dollars per day. It is also distinguished by the abundance of applications on iPhone and Android.

3.3 Electronic payment mechanism in currencies Virtual

First, it must be noted that the first digital currency was launched in the year2009 and was named Bitcoin by a programmer or group of programmers known as **Satoshi Nakamoto** , after virtual currencies were used in the virtual world in computer games and within the framework of social media, but with the expansion of e-commerce and the expansion of electronic transactions on the Internet outside the geographical borders of countries and what it imposed in terms of privacy in view of electronic markets and the speed of payment, in addition to the legal restrictions on financial transfers and the control imposed on them and the legal restrictions in terms of value and the necessity of opening bank accounts and localizing financial amounts and other problems prompted those dealing in e-commerce and even those dealing in regular trade to adopt virtual currencies, as the virtual currency allowed the creation of a new system for payment and digital cash entirely, and virtual currencies depend on strong encryption cryptocurrencies and cryptographic algorithms, and Bitcoin has become one of the most famous of these virtual currencies, the number of which exceeded two thousand digital currencies worldwide, and it is not regulated by any monetary institution nor issued by any country, so all parties dealing in it are responsible for the security of dealing in it From traders to programmers to miners to sites that convert Bitcoin units to other currencies or even trade them or pay electronically with their units.. Virtual currencies are based on

decentralized Block chain technology, with no central server computer and no tangible assets in return, and where each unit is not a name but is recorded in a public register (block chain) that can be accessed by all users. The virtual currency can be used within a limited scope such as within the scope of an online game or openly to purchase goods and services (Schuhl, -CF, 2018), and it allows for immediate and cross-border payments between countries. The virtual currency has proven its resistance to any attempt to regulate by governments because there is no central institution with the authority to stop its use. Virtual currencies are stored on digital media or on information networks and are used to complete payments. They are decentralized in the sense that records and transactions related to the virtual currency can be saved in different countries. The virtual currency is built on the block chain, which is a decentralized database, i.e. a type of record or ledger, whichshows who owns What, which sometimes runs on thousands of computers (Chadwick, 2018) The virtual currency exists as entries in an accounting system - a transparent, open-to-the-public record called the block chain, which records balances and transfers between private addresses. That is, the block chain is a public record that includes all transactions related to the virtual currency, so that at any moment it is possible to view and know how much of the virtual currency a person owns, and whenever a transaction is completed with the virtual currency, it is entered into this record. If the block chain is completed, a new block chain is created automatically and digitally and is linked in a chronological sequence to the old block chain by including the identification code for the latter.

It is worth noting that a person owning digital virtual currencies does not mean owning a digital bank, but rather owning the right to claim a digital currency address with a password and the right to transfer the value to another person. Virtual currencies are recorded on records or books managed by thousands of competing computers and not by a central bank, as the block chain is distributed across several independent computers and is therefore not vulnerable to attack and sabotage, and the user obtains virtual currency by opening an account with a digital currency exchange and purchasing virtual currency in exchange for real currency (Fico, 2016, p4, 5).

4. *The position of legislation on virtual currencies*

Although virtual currencies have become a practical reality, the positions of countries have varied regarding their approval in their monetary legislation and their adoption in their electronic commercial transactions and thus their regulation with legal texts that guarantee legal protection for all stakeholders, as well as ensuring that the state obtains tax revenues on the one hand, and on the other hand, simplifying its control and tracking of currency movements, especially in the context of combating money laundering, financing terrorist groups, and financing networks active in transnational crimes such as smuggling antiquities, drugs, arms trade, people, and illegal immigrants, and between countries that refused to approve them and warned against dealing with them.

4.1 the position of foreign legislation

In the United States, there is a difference in trends between the American regulatory and supervisory authorities, as we find that the US Securities and Exchange Commission warns of the risks, indicating the possibility of virtual currencies being subject to its regulatory authority, and in contrast, we find that the Financial Crimes Enforcement Network calls for the need for comprehensive regulation of all aspects of virtual currencies as is the case with traditional currencies, which was reflected in the American states, as we find that the state of Ohio has allowed dealing with digital currencies in all transactions, and we find that the state of Georgia has rejected the idea completely. (وديع و محمد,2019, p. 263).

- Countries that have announced their full acceptance of virtual currencies: such as Japan, Canada, Switzerland, Australia, Denmark (which are countries with a strong and advanced banking and tax system)

- Countries that have announced their implicit acceptance of virtual currencies: Although they differ in the practical aspects, in a On the tax side, we find several countries that subject digital currency transactions to taxes, such as Argentina, Spain, Iceland, Italy, Bulgaria, Poland, South Africa, Russia, Romania, Slovakia, Sweden, Finland, the United Kingdom, Norway, and Austria.

As for combating money laundering and terrorist financing crimes: we also find many countries such as the Cayman Islands, Costa Rica, Czech Republic, Estonia, Gibraltar, Hong Kong, Isle of Man, Jersey, Latvia, Liechtenstein, Luxembourg, and Singapore.
- Countries that have announced their implicit rejection of virtual currencies: including Indonesia, Iran, Bahrain, Bangladesh, Taiwan, Qatar, Dominica, Saudi Arabia, Oman, China, Colombia, Kuwait, Lithuania, Lesotho, and Macau.

- Countries that have announced their complete rejection of virtual currencies: including Pakistan, Bolivia, Iraq, Egypt, Morocco, Nepal (وديع ومحمد,2019, p. 265).

4.2 The position of the Algerian legislator on virtual currencies

First, you find the reference that the Algerian legislator, according to Article 1 of Law No.23/09 dated 6/21/2023 including the Banking Monetary Law has adopted the Algerian Dinar (DJ) as the official national currency of the People's Democratic Republic of Algeria (Official Gazette, 2023), Cash in its physical form consists of banknotes and coins, and it can also take a digital form, called the bank's digital currency.

The Central Bank of Algeria will issue the digital Algerian dinar, provided that the state alone has the privilege of issuing currency across the national territory, in accordance with the text of Article2. The Central Bank issues banknotes and coins and determines their sizes and types, in addition to the conditions for issuing and developing digital currency and the rules for its management and control, so that it has a legal price and unlimited legal power (Articles 3 and 4 of Law No. 23/09)

To protect the national currency, the Algerian legislator has enacted several penal texts that criminalize and punish anyone who issues, puts into circulation, or accepts any instrument denominated in Algerian dinars for use as a means of payment instead of the national currency, or any bond payable on demand to the bearer and not producing interest, even if it is denominated in foreign currency. It also prohibits the imitation and/or counterfeiting of banknotes or coins issued by the Bank of Algeria or issued by any other foreign legal monetary authority, as well as the introduction, use, sale, peddling, and distribution of such counterfeit or

forged banknotes or coins, in accordance with the text of Article7 and 8 of Law 23/09, and this is punishable under Articles 197 to 203 of Order No. 66/156 dated 6/8/1966 containing the amended and supplemented Penal Code.

The Algerian legislator also approved electronic money and electronic payment under the laws of electronic commerce and commercial law, as it approved the issuance of magnetic cards for the purposes of withdrawing, paying or transferring financial amounts through various electronic media, provided that The Bank of Algeria ensures the physical and logical security of the payment systems infrastructure, and ensures the security of non-cash payment methods and compliance with the standards applied in this area.

The Bank of Algeria also issued System No.24/04 dated 10/13/2024 regarding the special conditions for licensing the establishment, approval and practice of the digital bank activity, whereby the digital bank is defined as Each bank provides banking services and products exclusively through digital channels, platforms or supports, relying on modern technologies within the framework of practicing its activities. (Official Gazette, Bank of Algeria System)04/24, 2024)

As for virtual currencies, the Algerian legislator is among the legislations that explicitly rejected virtual currencies and prohibited all forms of selling, buying, or using them in any field of commercial or civil transactions, and even prohibited their possession, which is what is stipulated in Article117 of Finance Law No. 17/11 dated 12/27/2017 including the Finance Law for the year 2018 (Official Gazette, 2017, No. 76) (It is prohibited to buy, sell, use and possess virtual currency.

Virtual currency is the currency used by Internet users over the Internet, and it is characterised by the absence of a physical support such as coins, banknotes, and payment operations by check or bank card, Any violation of this provision shall be punishable in accordance with the applicable laws and regulations.

It is noted that the material117 of Law 17/11 is considered the only article in the legal system that explicitly refers to virtual currencies. The Algerian

legislator, despite prohibiting dealing with them and not explicitly recognizing them, and that he punishes anyone who carries out purchases, sales, use or possession of them, did not explicitly stipulate the penalties imposed on anyone who violates this article, and referred this to the laws, regulations and systems issued by the Central Bank.

The Algerian legislator's position of rejecting all forms of dealing with digital currencies is due to the many risks resulting from their adoption in electronic commercial transactions, despite the spread of this type of digital currency across the digital space and its use in commercial transactions, which may cause many negative economic effects, including:

- That countries or their central banks have no role in issuing these new currencies, which will greatly affect their monetary policies and reduce the ability of the central bank to maintain monetary stability by weakening its role in controlling the volume of cash liquidity and the speed of money circulation.

- The impact of digital currencies on financial policies through their impact on the size of tax revenues; as it will be difficult for the competent financial authorities to monitor all transactions and income paid or received in digital currencies.

- The possibility of using it as a tool to finance transnational organized crime and to finance illegal transactions. With the increasing interconnectedness of international financial markets and the rise in international transactions using electronic payment methods, the size of the economic, financial and legal problems that could arise as a result of the emergence and prevalence of digital money will be very large. Its circulation will also complicate the international financial scene by financing illegal transactions such as financing terrorist groups and financing the purchase of drugs and psychotropic substances, in addition to tax evasion and disrupting the functions of central banks in the world and other potential problems, as several million dollars are traded daily, which do not belong to any country, and are not supported, regulated or printed by any central bank in the world, and are not subject to the policies of countries.

5. *CONCLUSION*

Although responsible technical innovations can bring great benefits to the financial system and the economy, it is imperative to follow up on developments in dealing with virtual currencies, with the need to activate a system of vigilance for current and emerging risks, especially with The weakness of the infrastructure of these currencies, which makes them vulnerable to sharp fluctuations in their prices at the lowest global economic situations and events, and the absence of central bodies that regulate their issuance processes such as the dollar, the euro and other currencies, and support and protect them during crises, contributed to increased fluctuations in their exchange rates. Therefore, these unstable currencies must not be traded globally until all relevant legal, regulatory and supervisory requirements are put in place appropriately and in line with the standards applied in traditional or electronic monetary policies.

Accordingly, we see that it is necessary to take many measures at the legislative levels, and then at the administrative, executive, supervisory and judicial levels, as detailed below:

- The necessity of establishing a committee or committees that include various concerned parties of an administrative, executive, legislative, legal, judicial, and financial regulatory nature, with extensive knowledge of technology, communications, economics, law, and banking issues, to be responsible for establishing a regulatory and regulatory legal framework for them and for issuing the necessary licenses, whether to establish a block chain technology company or to establish a company that practices trade or speculation in new digital currencies.

- Preparing a draft law or executive decrees that regulate and control all issues, problems and technological challenges raised by digital currencies and their trading, especially those related in part to electronic money laundering crimes, financing terrorist groups, transnational organized crimes and other crimes and the relationship of some transactions in digital currencies to them, and shedding light on the extent of their danger to the perpetrator, society, the state and the economy.

- The necessity of launching awareness campaigns for various natural and legal persons about the risks of irregular involvement in the digital currency market and digital financial transactions, and the risks of speculation and trading in them.

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