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## GLOBAL CRYPTOCURRENCY REGULATION: A COMPARATIVE ANALYSIS WITH A FOCUS ON ROMANIA POSITION

**Tudor-Gabriel Budisteanu**

Bucharest University of Economic Studies, Romania  
Email: budisteanutudor17@stud.ase.ro

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### Abstract

This study provides an examination of cryptocurrency regulation across diverse jurisdictions, including Romania, Japan, Switzerland, Brazil, China, Russia, and the Republic of Moldova, with a focus on legislative, fiscal, and supervisory frameworks. Utilizing a qualitative and comparative analysis approach, the research aims to clarify global regulatory strategies, particularly the balance between fostering innovation and safeguarding investor interests, financial stability, and anti-money laundering protocols. Key findings highlight a spectrum of approaches: Japan's pioneering legislative framework, Switzerland's progressive policies, Brazil's evolving regulations, and the restrictive measures in China and Russia, along with Moldova's comprehensive ban on cryptocurrency services. Romania's regulatory position is contextualized within this global framework, demonstrating a cautious but flexible stance that underscores the need for a balanced approach to regulatory policy. The study's conclusions stress the importance of a robust and adaptable regulatory system to keep pace with technological advances in cryptocurrency. It advocates for international collaboration on regulatory standards and emphasizes the critical role of public education in responsible cryptocurrency use. Recommendations include ongoing monitoring of the cryptocurrency market and policy refinement to achieve a balanced approach that ensures innovation while protecting consumers and financial integrity.

**Keywords:** Monetary Policy, Blockchain, Cryptocurrency, Fiscal, Tax, Bitcoin

**JEL Classifications:** E4, E42 ,F38

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### 1. Introduction

Cryptocurrency regulation has become a focal point of interest globally as digital assets rapidly gain traction and wield influence in economies and financial systems around the world. Initially developed as decentralized financial alternatives, cryptocurrencies have evolved beyond their original functions to become complex financial instruments, investment vehicles, and payment systems. Their underlying blockchain technology promises enhanced transparency, security, and efficiency, qualities that appeal to various industries and individuals alike. However, the inherent volatility of cryptocurrencies, combined with risks of fraud, money laundering, and cyberattacks, has heightened the urgency for regulatory frameworks capable of addressing these concerns. As such, the approach to cryptocurrency regulation varies widely across jurisdictions, reflecting the economic, political, and social landscapes of each country.

Countries like Japan and Switzerland have embraced cryptocurrencies with progressive regulatory measures, aiming to become global hubs for blockchain innovation. Japan, for instance, has recognized Bitcoin as a legal payment method, while Switzerland has developed “Crypto Valley” in Zug, attracting blockchain companies through favorable regulations. On the other hand, countries like China have taken a prohibitive stance, banning cryptocurrency transactions and activities, such as mining, to preserve financial control and mitigate potential economic disruptions. The United States has taken a complex, fragmented approach, with various federal and state agencies overseeing different aspects of cryptocurrency use, adding layers of complexity to the regulatory environment.

Romania, as a member of the European Union, is at an intersection of caution and potential opportunity in approaching cryptocurrency regulation. While the European Union has been developing comprehensive legislation for digital assets, Romania’s approach remains relatively cautious, with regulatory bodies such as the National Bank of Romania and the Ministry of Finance issuing warnings regarding the risks associated with cryptocurrency investments. Romania has not imposed outright bans on cryptocurrency transactions but has encouraged a risk-averse approach. This position aligns with the country’s broader economic goals of safeguarding financial stability and protecting investors, yet it leaves room for future adjustments as the international regulatory landscape evolves.

In this context, this study makes several significant contributions. First, it offers a comparative analysis of various international regulatory frameworks for cryptocurrency, examining how diverse economic, political, and legal contexts shape each country’s approach. Second, it provides insights into Romania’s current stance on cryptocurrency and evaluates the potential for future policy shifts as the country navigates this emerging field. Finally, this research underscores the importance of balancing regulatory measures to protect consumers while encouraging technological innovation and investment. These findings contribute to the growing discourse on cryptocurrency regulation, highlighting Romania’s position within a global framework that is constantly adapting to the complexities of digital finance. This study aims to aid policymakers and stakeholders in understanding the motivations behind regulatory decisions and assessing the implications for Romania’s economic and technological landscape.

## 2. Literature Review

Technological progress has influenced and will continue to shape the historical evolution of societies and nations globally. It has been, is, and will persist as an essential engine for the development of human activities, a means of emancipation both individually and institutionally, and a catalyst for the continuous transformation of business conduct and economic conceptualization. (Jianu, 2011)

Research highlights the urgent need for regulation in the cryptocurrency domain. Foley *et al.* 2019 have pointed out the dangers associated with cryptocurrency transactions and their use for illegal purposes, thus underlining the importance of prompt regulation.

Digitalization, including the introduction of electronic funds, and the dynamism of the banking system have created new loopholes for money laundering by banks and added complexity for Central Banks and law enforcement authorities to detect and eliminate such violations at an early stage. (Herteliu, 2021)

Catalini and Gans ,2016 debated how advances in blockchain technology might affect legislation. Böhme,2015 examined the sophisticated link between cryptocurrencies, market norms, and user safety, marking the regulatory difficulties.

Similarly,Cong and He 2019 investigated how regulations impact the behavior of the cryptocurrency market, highlighting the impact of regulations on market activity.

### 2.1. Japan

Japan has implemented a legal framework to regulate the crypto space, recognizing the potential of blockchain technology and digital assets. The regulations cover a wide range of activities and

aspects related to cryptocurrencies, from inter-currency transactions to anti-money laundering requirements and tax implications.

Dewey *et al.* 2023 specify that transactions are strictly regulated, allowing only licensed banks and fund operators to carry them out. Crypto assets, although not considered funds in the traditional sense, can be treated as transactions if they involve the exchange of fiat currencies. In the fight against money laundering, an authority was established to check cryptocurrency transactions, responsible for verifying customer identities, preparing and maintaining transaction records, and reporting any suspicious activity to the competent authorities. Also explains that the tax aspects of crypto trading are well defined, with profits being treated as miscellaneous income and subject to a progressive tax rate ranging between 5%-45%. Crypto mining activity is not specifically regulated, but transactions exceeding 30 million JPY, whether in fiat currency or crypto assets, must be reported to the Ministry of Finance. (Dewey *et al.* 2023)

## 2.2. Switzerland

Switzerland has adopted a progressive and detailed approach in regulating blockchain technology, and particularly the tokenization of securities, reflecting an overall positive attitude from the Swiss federal government and the Swiss Financial Market Supervisory Authority. The government and authorities recognize the potential that blockchain and distributed ledger technology offer to the financial services industry, as well as to other sectors of the economy, seeing an opportunity to take global leadership in this field.

Dewey *et al.* 2023 explain how Cryptocurrencies are treated by Swiss legislation as assets that can serve as a means of payment for the acquisition of goods or services or as instruments for the transfer of money or value but are not recognized as legal tender. Consequently, they are not considered "money" in the strict sense of the term. However, some legal experts argue that cryptocurrencies can be considered money in a broader sense if they are widely used and fulfill the typical functions of money.

Cryptocurrency-related activities, including the offering and selling of cryptocurrencies, are not prohibited in Switzerland, and currently, there is no comprehensive specific regulation for cryptocurrencies in force in Switzerland, except for certain provisions in the Swiss Anti-Money Laundering Act 1997.

For individuals, cryptocurrencies are treated as assets and are subject to wealth tax. The values of cryptocurrencies must be converted into Swiss francs using the exchange rates at the end of the year provided by the Federal Tax Administration for certain cryptocurrencies. In the absence of an established market value, the price from the trading platform should be used, or if this is not available, the acquisition cost. Capital gains from cryptocurrencies are generally exempt from income tax for individuals, except when the cryptocurrencies are held as part of business assets, in which case they are taxable. (Dewey *et al.* 2023)

For legal entities, cryptocurrencies are also subject to annual capital tax and must be declared at the acquisition cost or the market value at the end of the year. Corporate profits from the sale of cryptocurrencies are taxable, and unrealized gains may also be taxable if they are accounted for at market price in the corporate accounts. Regarding VAT, transactions with cryptocurrencies are treated similarly to legal currency and are exempt from VAT. (Dewey *et al.* 2023)

## 2.3. Estonia

Estonia's legislation includes specific provisions regarding virtual currencies and associated services, based on EU regulations in financial services and the prevention of money laundering and terrorism financing. In 2017, Estonia defined virtual currencies as monetary value in digital form, transmissible, storable, or digitally tradeable, accepted as a payment instrument by natural or legal persons. These amendments also include definitions for virtual currency wallet services (ETMA, 2023).

Income Tax Act, 2000, of Estonia specifies that income obtained from trading cryptocurrencies, conversion into fiat currency, exchange between cryptocurrencies, or payment

with cryptocurrencies for goods and services must be declared by individuals. Income from mining is considered business income. Cryptocurrencies received as income, including rent or interest, are also taxable. Individuals mining cryptocurrencies on a permanent basis must register as sole proprietors or companies. They can deduct business-related expenses from their income and are subject to income tax and social contributions. Value-Added Tax Act, 2003, of Estonia indicates that services related to cryptocurrencies, including cryptocurrency exchanges, wallet services, and mining, can be subject to VAT. The gain from trading cryptocurrencies is calculated as the difference between the selling price and the purchase price, and losses from transactions are not tax-deductible. Cryptocurrency received through inheritance or as a gift has an acquisition cost of 0 euros for the successor, and gains from subsequent conversion are taxable, with the possibility of deducting expenses directly related to the conversion as explained in the work (ETMA, 2023, Estonia).

#### 2.4. Polonia

In Poland, legislation has defined virtual currency as a digital representation not recognized as cash, electronic money, financial instrument, or bill of exchange. However, it is accepted as a means of exchange, with the option of being stored, transferred, or electronically traded. The Polish government does not intend to get involved in issuing virtual currencies, thus they cannot be used as a means of payment for interactions with the government. However, fulfilling payment obligations in virtual currency is allowed if the parties agree on this means, as specified by (Banu and Clem 2019).

Virtual currencies and related services are not supervised by the Polish Financial Supervision Authority. However, the authority has issued some recommendations related to virtual currencies, the most recent of which help classify virtual currencies and distinguish them from financial instruments in the context of financial supervision. (Dewey *et al.* 2023) ,

The study also states that according to Polish law, cryptocurrency services can be provided by individuals and legal entities that meet certain requirements, such as establishing internal policies, appointing a qualified employee responsible for fulfilling the tax obligations specified in the anti-money laundering law, implementing necessary procedures for establishing and monitoring business relationships, and identifying customers who benefit from the company's services.

Furthermore, (Dewey *et al.* 2023) mentions that a crucial requirement is registration in a registry managing cryptocurrency activity, administered by the Polish tax authority.

Cryptocurrency transactions are subject to taxation in Poland. The country treats cryptocurrencies as taxable assets, and individuals and companies must report incomes and gains related to cryptocurrencies for tax purposes. Specific tax rates depend on the type of transaction and the tax status of the individual or company. (Tassev, 2019).

#### 2.5. Serbia

The Republic of Serbia has adopted a favorable legal framework for the taxation of digital assets, positioning itself alongside countries such as Estonia, Malta, and Cyprus in the field of digital real estate markets. The new tax regime applicable to digital assets came into force on June 29, 2021, with the application of the (digital property law, 2020, Serbia), and regulations regarding the inheritance and donation of digital assets have been in effect since January 1, 2021.

Individuals in Serbia are required to pay a 15% tax on capital gains from cryptocurrency trading, calculated as the difference between the purchase and sale price. If the purchase price cannot be proven, it is assumed to have been zero, meaning the entire sale value is taxable. In addition, acquisitions of cryptocurrencies through inheritance or gifts are also subject to taxation, with rates varying depending on the relationship with the donor or testator. (Helms,2021)

According to (law on digital assets, 2020) for legal entities, capital gains tax applies to the difference between the purchase and sale price of digital assets. Exceptions to this rule include situations where digital assets are sold in the ordinary course of business or when

revenues from the sale of digital assets are reinvested in the share capital of a resident taxpayer or an investment fund in Serbia within the same fiscal period.

To operate in the digital assets field in Serbia, service providers including trading platforms, exchanges, and custodial wallet providers must have a physical presence in the country and obtain prior authorization from the National Bank of Serbia. Issuers of digital assets are required to publish a detailed white paper, and compliance with these requirements is supervised by the competent national authorities. (Helms,2020)

Service providers related to digital assets can offer a wide range of services, including trading, exchange, storage, and management of digital assets, and must meet specific capital requirements for each type of service provided according to Law on Digital Assets, 2020, Serbia.

## 2.6. Brazil

Legal Framework for Virtual Assets, 2022, Brazil was enacted and came into effect on June 20, 2023. It designated the Central Bank of Brazil as the competent authority for regulating, authorizing, and supervising providers of services for virtual assets.

Regarding taxation, cryptocurrencies follow the general rules applicable to movable goods. Holders must declare their virtual assets in their income tax returns, which are subject to capital gains resulting from sales. In cases where gains are limited to 35,000 BRL per month, no tax is levied. Otherwise, they are taxed for capital gains at rates ranging from 15% for gains under 5 million BRL, to 22.5% for gains over 30 million BRL. (Dewey *et al.* 2023)

Mining activity is allowed and has not been regulated by any entity. However, according to Brazilian law, the gain from the sale must be taxed as capital gain. Even if the coins are not sold, both individuals and companies must report the number of cryptocurrencies held, even if resulting from mining activities, considering cryptocurrencies as non-financial assets.

## 2.7. France

In French law, the concepts of securities and commodities are not recognized as such. The Monetary and Financial Code (CMF) defines Bitcoin and other cryptocurrencies as digital assets, dividing them into two main categories according to CMF article L.54-10-1, 2019, France.

Tokens that grant the holder one or more rights, which can be issued, registered, stored, or transferred using distributed ledger technology that allows the identification of the holder of these rights. Financial instruments, defined in the CMF article L.211-1, 2019, France, and value vouchers, mentioned in the CMF article L.223-1, 2019, France, are not included in this category.

Digital currencies, which are any form of digital representation of value that is neither issued nor guaranteed by a central bank, are not necessarily linked to a legal currency, and do not have the legal status of currency. They are accepted as a means of exchange and can be transferred, stored, or traded electronically.

In France, the offense of money laundering is punishable according to Penal Code article 324-1, 2019, France with up to five years in prison and a fine of 375,000 euros. Likewise, financing terrorism is punishable with up to ten years in prison and a fine of 225,000 euros, according to the Penal Code article 421-5, 2019, France.

Providers of digital asset services that offer services such as the custody of digital assets, the exchange of digital assets for legal currency, trading between digital assets, and operating a digital asset trading platform must register with the Financial Markets Authority (Dewey *et al.* 2023). According to legislation, registered entities must identify, assess, and manage risks associated with their activities to ensure compliance with regulations. This involves developing and implementing a risk assessment process in accordance with the CMF article L.561-4-1, 2019, France.

Individual investors are subject to a flat tax of 30% on capital gains, after deducting all capital losses of the fiscal household. However, there is the option to tax the gains in the category of industrial and commercial profits. The onerous transfer of a digital asset, other than another digital asset, constitutes a taxable event, so unrealized gains from cryptocurrencies within

decentralized services are not taxed as specified by the French General Tax Code article 150, 2019, France.

Professional investors are taxed according to the progressive tax scale in the BNC category, without the possibility of opting for flat taxation. They can reach a total tax rate of up to 60%, including income tax and social contributions, a regime also applicable to miners as specified in French General Tax Code article 92, 2019, France.

Regarding VAT, transactions made in cryptocurrencies for goods or services are treated like any other means of payment, respecting sales regulations, including the obligation to pay the corresponding VAT. Transactions involving the exchange of cryptocurrencies for traditional currencies and those between digital assets are exempt from VAT, according to French General Tax Code article 261 C, 2019, France.

This exemption is based on the uncertainty of future benefits, as to be subject to VAT, there must be a direct link between the service provided and the benefit received. Mining is not subject to VAT because the miners' remuneration is random and there is no specific service provided to an identifiable beneficiary. Thus, miners are not required to collect VAT for digital assets received as a reward (Dewey *et al.* 2023).

Mining is allowed in France and is not governed by specific regulations. However, the number of companies engaging in cryptocurrency mining in France is limited. There are companies, such as Summit Mining, that offer opportunities for investors to buy stakes in mining farms and benefit from the assets generated by this activity. These services facilitate participation in mining for those with limited computational resources, allowing them to collectively contribute to the mining process (Dewey *et al.* 2023).

Crypto assets are considered movable tangible goods according to French law. As a result, they must be included in the inheritance declaration and do not enjoy any special regime. However, authorities are increasingly attentive to these new ways of estate planning, and some offer to collect portions of the private keys to facilitate their transfer (Dewey *et al.* 2023).

## 2.8. U.S.A

In the United States, the regulation of cryptocurrencies and blockchain technology has been a subject of interest at both the federal and state levels. At the federal level, agencies such as the Securities and Exchange Commission, the Commodity Futures Trading Commission, the Federal Trade Commission, and the Department of the Treasury, through the Internal Revenue Service, the Office of the Comptroller of the Currency, and the Financial Crimes Enforcement Network, have been involved in overseeing and regulating digital assets. These agencies have recognized the potential of blockchain technology and the necessity for the United States to maintain a leadership role in the development of this technology but have adopted few formal regulations so far (Dewey *et al.* 2023).

The sale of cryptocurrencies is generally regulated only if the transaction refers to securities or money and is in accordance with state or federal law. Regarding legislation, the US Congress has introduced several bills to clarify regulations around cryptocurrencies and blockchain technology. These bills aim to create a clearer regulatory framework for stablecoins, grant jurisdiction over certain activities related to digital commodities, and attempt to integrate digital assets into the existing US regulatory framework (Dewey *et al.* 2023).

Virtual Currency Guidance 2014, USA specifies that Bitcoin and other cryptocurrencies are considered property for tax purposes, imposing detailed reporting and taxation obligations on cryptocurrency holders. Individuals or businesses must keep records of cryptocurrency transactions, pay taxes on gains made from selling or using cryptocurrencies for purchases, and declare the fair market value of mined cryptocurrencies.

Virtual Currency Guidance, 2014, USA specifies that capital gains from the sale of cryptocurrencies held as investments are reported using IRS Form 8949, with long-term gains being taxed at capital gains rates and short-term gains at regular income tax rates. Since 2018, the conversion between cryptocurrencies is a taxable event.

The IRS has also issued guidance on the tax treatment of digital assets received through a hard fork or airdrop, specifying that new digital assets generated in such events can generate taxable income (Dewey *et al.* 2023).

The Infrastructure Investment and Jobs Act of 2021 will impose new reporting requirements for digital asset brokers starting January 2024, and the IRS has published guidance on taxing validation rewards obtained through cryptocurrency staking, clarifying that these rewards must be included in the taxpayer's gross income (Dewey *et al.* 2023).

## 2.9. Romania

Analyzing the official positions that Romania has taken on this matter through the National Bank of Romania (BNR) and the Ministry of Public Finance (MFP), one can observe a reluctance towards this new technology in the financial field. The announcements from the institutions do not prohibit the use but rather warn about the dangers and issues that it may pose (BNR, 2015).

Due to the rapid growth and considerable price fluctuations of most cryptocurrencies in a short period of time, the National Bank of Romania classifies them, including Bitcoin, as speculative assets, extremely volatile, with a high degree of risk (BNR, 2015).

To minimize the reputational risk for banking institutions, the National Bank of Romania, in its role as the regulatory authority, advises banks to refrain from any involvement with cryptocurrencies. This includes providing services to entities that offer investment or trading services in the field of cryptocurrencies (BNR, 2015).

From the government's point of view, the MFP does not prohibit the use of cryptocurrencies and specifies that, in the case of operations involving the bitcoin currency, the decision of the Court of Justice of the European Union will be considered to apply the VAT regime (Banu and Clem 2019).

According to Law no. 227,2015, Romania regarding the Fiscal Code, with subsequent modifications and completions, services that involve the exchange between traditional currencies and units of the virtual currency bitcoin and vice versa, qualify for VAT exemption. This exemption applies when the services are provided in exchange for an amount that represents the margin, defined as the difference between the purchase price and the selling price of the coins (Banu and Clem 2019).

## 2.10. China

Cryptocurrency regulations in China are characterized by a strict approach and a series of repressive measures directed against various segments of the industry. In December 2013, the People's Bank of China (PBOC) and four other authorities issued a circular prohibiting financial institutions from engaging in any activity related to Bitcoin, emphasizing the need to avoid the risks associated with this currency. In September 2017, the PBOC highlighted the illegality of initial coin offerings (ICOs) and banned activities associated with token financing and trading (Nick Bekket, 2023).

Circular 237, 2021, China marks a consolidation of China's restrictive approach, highlighting the illegality of virtual currency-related activities and classifying them as illegal financial activities. This includes a crackdown on offshore virtual currency exchanges serving Chinese residents, prohibiting financial institutions and payment service providers from offering services related to virtual currency transactions. In addition, there is an emphasis on enhanced supervision and monitoring, encouraging the public to report any suspicious activities and enforcing strict application of relevant laws and regulations to punish illegal virtual currency activities (Nick Bekket, 2023).

Another significant measure is the ban imposed by the National Development and Reform Commission on new virtual currency "mining" projects and the accelerated withdrawal of existing projects, underlining China's desire to limit the negative impact of this industry on its environment and economy (Nick Bekket, 2023).

### **2.11. Russia**

The law clearly defines the concept of digital currency, describing it as a set of electronic data that can be used as a means of payment, except for currencies issued by the Russian Federation or foreign states. It also specifies that digital currency cannot be used for the payment of goods and services (Helms, 2020).

The law also introduces the concept of digital financial assets, describing them as digital rights that include monetary claims, the possibility to exercise rights based on securities, participation in the capital of a non-public joint-stock company, and the right to demand the transfer of securities. These assets can be the subject of sale, purchase, exchange, and mortgage transactions but cannot be used as a means of payment (Helms, 2020).

Regarding the regulation and supervision of this sector, banks and exchanges in Russia have the possibility to become exchange operators for digital financial assets, conditioned by their registration with the Bank of Russia. The central authority has the role of maintaining the registers of information systems and DFA exchange operators, while also supervising the activities of these information system operators (Helms, 2020).

### **2.12. Republic of Moldova**

Law 66, 2023, Republic of Moldova states that from July 1, 2023, Moldova prohibits the provision of services related to cryptocurrencies. This measure affects both legal entities and individuals, explicitly opposing activities such as the exchange between cryptocurrencies and traditional currencies, cryptocurrency transfers, as well as involvement in any kind of financial services associated with them. Therefore, a wide range of operations carried out by cryptocurrency platforms become unauthorized.

## **3. Methodology**

Cryptocurrency regulations worldwide are complex and continuously evolving, reflecting each country's unique economic, political, and social framework. This study seeks to provide a comprehensive perspective on this dynamic regulatory environment by examining and comparing legislative frameworks from various countries, with a particular focus on Romania's position relative to other nations. The countries analyzed include France, the USA, Russia, China, Japan, Estonia, Poland, Brazil, Switzerland, the Republic of Moldova, and Romania. Our analysis will cover legislative, tax, and supervisory aspects, drawing on reviews of specialized literature, official reports, and academic studies. Through a comparative methodology, we will highlight the similarities and differences between these national legislations.

The focus on global cryptocurrency regulation within Romania's context is driven by the need to position Romania's approach to digital assets within a broader, international regulatory landscape. Cryptocurrencies and blockchain technology have become global phenomena, with widely varying degrees of acceptance, restriction, and encouragement for innovation across jurisdictions. By understanding how other countries regulate cryptocurrencies—whether through permissive frameworks, as seen in Japan and Switzerland, or restrictive policies, as in China and Russia—we aim to provide Romania with valuable insights as it shapes its own regulatory approach.

This comparative analysis aims to reveal where Romania stands in relation to other countries and to assess the potential implications of adopting certain regulatory models. By evaluating Romania's stance against global practices, the study will demonstrate how Romania might balance innovation with investor protection and financial stability. This focus aligns with the broader objective of responsibly integrating new technologies into Romania's financial system. Additionally, this global perspective aids policymakers in identifying best practices, anticipating challenges, and ensuring that Romania's regulatory framework is adaptable, competitive, and aligned with international standards.

Our study will evaluate policies, tax regulations, and supervisory strategies, highlighting their impact on the cryptocurrency market in terms of investment, innovation, and financial



security. We will also address the social and economic impact of these regulations, particularly how they influence the adoption of cryptocurrencies within each country. Despite the inherent volatility and rapid evolution of the cryptocurrency sector, our study will overcome challenges related to data availability and the interpretation of legislation to offer a well-rounded vision of cryptocurrency regulation.

Based on the data collected and analyzed, we will draw conclusions regarding the current state of cryptocurrency regulation. Our research aims to offer valuable insights into the complex dynamics and impacts of these regulations, enabling decision-makers and stakeholders to make informed choices. This study ultimately provides a detailed and comprehensive understanding of the regulatory landscape surrounding cryptocurrencies, supporting informed decision-making for sustainable growth and innovation in this rapidly advancing field.

#### **4. Results and discussion**

Japan has been a pioneer in cryptocurrency regulation, creating a legal structure that treats cryptocurrencies like Bitcoin as valid payment methods. Through the Payment Services Act (PSA) and the Financial Instruments and Exchange Act (FIEA), Japan requires cryptocurrency exchanges to register and comply with strict anti-money laundering (AML) and consumer protection policies (Arora, 2020). This regulatory approach was shaped by high-profile incidents, such as the Mt. Gox hack, which highlighted the need for security and transparency in cryptocurrency markets. Japan's proactive stance not only safeguards investors but also encourages innovation by establishing clear guidelines for market participants (Arora, 2020).

In contrast, Romania has yet to formalize any comprehensive regulatory framework for cryptocurrencies. Romania's approach is marked by caution, with authorities, including the National Bank of Romania (BNR) and the Ministry of Public Finance (MFP), focusing on public awareness campaigns to educate citizens about the risks of cryptocurrency investments (Barsan, 2019). This conservative stance reflects Romania's focus on preserving financial stability while leaving the door open to future regulation that may align with European Union (EU) standards. Rather than enforcing restrictive measures, Romanian regulators have opted to monitor global trends and adopt a "wait-and-see" approach (Barsan, 2019).

The United States adopts a fragmented regulatory approach to cryptocurrencies, with agencies such as the SEC and CFTC regulating cryptocurrencies differently based on their uses. For instance, the SEC views certain cryptocurrencies as securities, while the CFTC classifies them as commodities. This multi-agency oversight results in regulatory complexity and, sometimes, inconsistencies that can challenge crypto businesses operating in the U.S. France, on the other hand, provides a more unified regulatory approach under the PACTE law, which establishes optional licenses for Initial Coin Offerings (ICOs) and requires digital asset service providers to register. France's model seeks to foster a secure environment for digital assets by promoting innovation within a structured regulatory framework (Barsan, 2019). Romania, still in its exploratory phase, examines these international practices and is yet to create specific regulations but maintains an open stance to adopting a comprehensive framework in the future (Barsan, 2019).

Estonia presents another unique case, known for its early and thorough adoption of digital technologies, including blockchain and cryptocurrencies. Estonia was one of the first countries to set up a legislative framework that defines and regulates cryptocurrency exchanges and wallet providers. Emphasizing both innovation and security, Estonia has created a business-friendly environment that attracts blockchain startups from around the world (Bočánek, 2023). This forward-looking stance aligns with Estonia's broader digitalization goals. Romania, in contrast, remains conservative, carefully evaluating the potential advantages and risks associated with cryptocurrency adoption before committing to a specific regulatory framework (Barsan, 2019).

Poland, however, has implemented strict AML and counter-terrorism financing (CTF) regulations within its cryptocurrency sector, requiring exchanges and wallet providers to comply with stringent reporting and monitoring obligations. This approach ensures a high level of oversight within the cryptocurrency space to mitigate risks associated with financial crimes. Meanwhile, Romania's regulatory efforts remain less defined, as it observes international

regulatory trends and prioritizes educating the public on potential risks over imposing stringent compliance requirements (Barsan,2019).

When comparing Romania with China, Russia, and the Republic of Moldova, a wide variety of regulatory approaches emerge. While Romania exhibits conditional openness, prioritizing education and issuing public advisories over prohibitive measures, China has enforced a complete ban on cryptocurrency mining and trading since 2021. Citing concerns over financial stability, China aims to limit speculation and channel investment into its state-issued digital currency, the digital yuan, while maintaining strict control over the financial sector (Riley, 2021). Similarly, the Republic of Moldova imposed a complete ban on cryptocurrency services in July 2023, signaling apprehension over the potential risks associated with financial stability and money laundering (Law 66, 2023, Republic of Moldova).

Russia, while taking a more moderate stance, has introduced a legal framework for digital assets, recognizing them officially but restricting their use for payments. Russia's position reflects its desire to explore the economic and technological benefits of blockchain while retaining firm control over its economy and reducing risks related to tax evasion and illicit financing (Keidar and Blemus, 2018). Interestingly, geopolitical developments have recently influenced Russia's approach, especially as sanctions have made cryptocurrencies a more viable option for certain transactions (Ahari *et al.* 2022).

Switzerland and Brazil provide additional contrasts to Romania's cautious approach. Switzerland has embraced cryptocurrencies, with "Crypto Valley" in Zug serving as a hub for blockchain innovation. The Swiss Financial Market Supervisory Authority (FINMA) has established clear guidelines for ICOs, cryptocurrency trading, and the use of digital assets for payments, balancing regulation with a favorable environment for business development (Keidar and Blemus, 2018). Brazil has also moved towards a supportive regulatory framework, with an increasing number of citizens participating in the crypto market and government interest in blockchain applications, including the potential development of a Central Bank Digital Currency (CBDC) (Filho and Salvador, 2018).

Romania's stance remains one of caution, with a strong focus on prudential oversight. The BNR and MFP consistently emphasize the speculative risks of cryptocurrency investments, advising financial institutions to avoid direct involvement. Although Romania has not enacted outright bans on cryptocurrency, the authorities' cautious advisory role highlights their commitment to protecting the economy from volatility and ensuring financial stability. The development of the EU's MiCA (Markets in Crypto-Assets) regulation may eventually serve as a blueprint for Romania's future regulatory framework (Barsan,2019).

## 5.Conclusion

Considering the comparisons made between Romania's crypto regulations and those of other countries, we can draw several relevant conclusions about Romania's position in the global context. The analysis covered a wide range of countries, including Japan, the USA, France, Estonia, Poland, the Republic of Moldova, China, Russia, and Brazil, each with different approaches to cryptocurrencies, reflecting economic, political, and social diversity.

Romania adopts a cautious stance on cryptocurrency regulation, without specific legislation dedicated to this field, unlike countries like Japan and France, which have implemented clear regulations and officially recognize cryptocurrencies. This conservative approach can be interpreted as a reflection of an emerging economy that is still evaluating the potential and risks associated with cryptocurrencies while seeking to align with international standards and practices.

Compared to the USA, where there is a fragmented approach with regulations applied by various federal agencies, Romania appears to have the opportunity to adopt a more unified and coherent strategy in the future, learning from the complexity and challenges faced by the USA.

Estonia, known for its rapid adoption of digital innovations, including in the crypto field, offers an interesting contrast to Romania, highlighting the impact of a political and social environment favorable to innovation and technology. This underscores Romania's potential to

accelerate its own digitalization initiatives and encourage cryptocurrency adoption if it chooses to provide a more favorable legislative framework.

Compared to Poland, which has implemented strict regulations to combat money laundering and terrorism financing, Romania can balance innovation with security, adopting protective measures without inhibiting the growth of the crypto sector.

Examining countries with diverse economies and political systems, such as China, Russia, and the Republic of Moldova, which have adopted restrictive approaches to cryptocurrencies, Romania has the advantage of adopting a more balanced stance, promoting innovation while protecting consumer interests and financial integrity.

In conclusion, Romania is at a turning point regarding cryptocurrency regulation. Given the diversity of international approaches and the rapid dynamics of the sector, Romania has a unique opportunity to learn from the experience of other countries and develop a legislative framework that balances innovation with consumer protection and financial security. Its position will largely depend on its ability to navigate between caution and promoting innovation, in the context of an emerging economy aspiring for growth and integration into the global digital landscape.

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