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Issues of Legislation of Cryptocurrency in Pakistan: An Analysis
 Muhammad Arif Saeed¹, Muhammad Hassan Sial²

¹Assistant Professor, Department of Law, The Islamia University of Bahawalpur, Pakistan.
 arif.saeed@iub.edu.pk

²Lecturer, Department of Law, The Islamia University of Bahawalpur, Pakistan.

* Corresponding Author’s Email Address: hnsial@gmail.com

ARTICLE DETAILS	ABSTRACT
<p>History: Received: July 11, 2023 Accepted: December 29, 2023</p>	<p>Cryptocurrencies have been gaining popularity in Pakistan since 2015. However, in 2018, digital currencies were banned in Pakistan by the State Bank of Pakistan and the Federal Board of Revenue. The current paper will explore the issues of the legalization of cryptocurrencies in Pakistan. The study shares a brief description of international and national reviews about the trend of cryptocurrencies and their legality. There are various cryptocurrencies, including Bitcoin, Pakcoin, OKeX, Blockfolio, Crypto and KuCoin. By adopting the qualitative methodology, the researchers have analyzed the social media context, famous news websites and views of famous personalities involved in attempts to legalize and trend cryptocurrencies in Pakistan. It has been found in the study that there are various policy and legislative issues along with the consent of different governments of all provinces of Pakistan that declared cryptocurrency illegal and banned at different times. There is a need for some serious concerns regarding people's awareness of cryptocurrency to enhance the country's economy on practical grounds.</p> <p>© 2023 The Authors, Published by WUM. This is an Open Access Article under the Creative Common Attribution Non-Commercial 4.0</p>
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1. Introduction

Continued advances in innovation have caused a great deal of damage in various fields such as restoration, construction, farming and more. Until the end of digital currency, they have shocked the world and disrupted wallet space and savings. The new invention of money-related alternative finance technology is gradually developing new technologies and ideas. Cryptographic currencies have become the epitome of consistent budget restructuring and transformed the entire wallet and account management. These days computer innovation is widely used because real corporations and savings companies are eager to participate in it, which is why it is thought that digital financial systems are the most profitable way to buy and donate (Iqbal et al., 2021).

Digital money is still a common invention, and that is why people have ignored it, and there is an urgent need to pay attention to it. The nations, for example, Russia and China, have recognized the acceptance of secret currencies as a new way to buy and sell. Digital currency types have since dominated aspects with the rise of Crypto-cash. Digital money was inspired by establishing a square chain based on machine learning and other sophisticated

developments. The new design of the square chain joins the unexpected figures that take a picture of the shared system (Velankar, Valecha & Maji, 2018).

Cryptocurrencies are completely separate currencies without government support. Their working strategy is based on the discipline of supply and demand. These cryptocurrencies have minimal supply, so their value is significantly high with huge demand. Nowadays, the popularity of cryptocurrencies is more among ordinary people due to their benefits. Some of these benefits comprise no central ground like money transfer agencies and the inclusion of banks during a particular transaction (Heskett, 2017). It means the investors need not pay any transaction fee while using cryptocurrencies. In addition, there is a possibility that these secret currencies may succeed in trading on the black market because of their unknown typology, as they cannot be tracked back. The world with illegal opportunities has opened up as the business of cryptocurrencies has started (Árnason, 2015).

A few hundred years ago, there was an effective way to trade, recognized as money. In the currency trading method, traditional money is widely used commonly. It allows daily transactions to be made using real money such as Pakistani rupees, USD, etc. For instance, the buyer may simply pay a fortune in advance. This includes simple trading without resistance or with little resistance. There is also the advantage of using traditional currencies. They are vastly acceptable as a payment method and highly reliable trading method, as they are regulated by the government (Rogoff, 2015). At the same time, countries such as India and Russia, among others, are also integrating crypto-regulation systems. As cryptocurrency transactions are fragmented and unpredictable by nature, the administration around the globe has the threat that they may be involved in carrying out illegal activities like terrorist financing and money laundering. Another issue that the authorities need to be aware of is crypto market volatility, and it needs to be authenticated. The overuse of electricity associated with crypto mining has also become another major issue in various parts, including Kazakhstan and Iran. Despite blockchain, the cryptocurrency market has risen to \$ 3 trillion (around Rs. 2,15,66,720 crores) in the past year, with the highest record. However, 18% of payment service providers believe that the current regulatory environment is too tight. 15% see illegal money laundering in their countries (especially companies based in Asia-Pacific and Latin America) (Taskinsoy, 2021).

Pakistan is among the world's top countries, where numerous people have heavily invested in cryptocurrencies. The US is an eighth number in the list, while Bitcoin is still clandestine for most Pakistanis. Due to the lack of awareness and knowledge, many people consider cryptocurrencies and digital currencies as fake, cheating and illegal. The money used by bank transactions, online payments, or Internet banking from any electronic source is a digital currency. It is lawfully operated under the central bank system of Pakistan and internationally. On the other hand, cryptocurrency is based on blockchain at the non-government level. The implication of the Bitcoin mining procedure also needs a vast range of computer machinery, energy, electricity and other resources (Vankwani, 2021).

Cryptocurrencies are gaining popularity in Pakistan. In 2015, Pakcoin was the first cryptocurrency that emerged in Pakistan. Nevertheless, in 2018, the State Bank of Pakistan and the Federal Board of Revenue banned digital currencies under "Hindawi Human Behavior and Emerging Technologies" when cryptocurrencies revolted around the world of financial technology (State Bank of Pakistan, 2016). SBP (2016) asserted that though cryptocurrencies have existed and existed in Pakistan for a long time, the people do not have sufficient knowledge about them. In the meantime, cryptocurrencies are irregular and unrecognized efficiently in Pakistan.

In April 2018, Pakistan's top financial institution began banning digital currency trading. This did not stop crypto lovers from trying out the industry, no matter what. Recently, the crypto exchange Binance was arrested in legal matters in Pakistan. Pakistan's Federal Investigation

Agency (FIA) will investigate consumer complaints that cryptocurrency exchange has caused them to transfer funds to wallets of foreign companies they do not know. The scam is estimated to have cost people around \$ 100 million (approximately Rs. 740 crores) (Singh, 2022).

Various new features have been proven for the payment system since 2009, including Easypaisa. The popularity and evolution of this initiative suggest ample opportunity to develop private equity in Pakistan (Afzal & Asif, 2019). The subsidies of cryptocurrencies combining open global financial transactions and access to finance opportunities, can be instrumental in Pakistan's economic growth. However, its threats cannot be ignored (Ibrahim, 2019). But along with this reality of disadvantages, there are huge chances of boosting the Pakistani economy through the benefits of cryptocurrencies. Such state of the art is commonly used globally, and Pakistan can reap the benefit from it by adopting good governance and regulation (Afzal & Asif, 2019). Therefore, the current study was conducted to determine the intent of the people to use cryptocurrencies and to check the factors influencing the intention to use them. Many studies have evaluated people's intention to use cryptocurrency in different contexts (Gazali, Ismail & Amboala, 2018; Walch, 2015; Alqaryouti, Siyam, Alkashri, & Shaalan, 2019).

2. Literature Review

Cryptocurrencies are an emerging technology, controversial and novel in Pakistan. Schaupp and Festa (2018) introduced the required modules and concepts of the Official Digital Currency Scheme (ODCS) in the Pakistani context. The study highlighted the management and issuance of digital currency through the country's state bank. The ODC theory is the same as cryptocurrency because of its inherent realistic nature. Bitcoin has the greatest market capitalization among the many cryptocurrency trade markets (Cap, 2018). Thus, cryptocurrencies are a volatile currency in the new international financial system that needs to be practiced regularly by the economic institutions and government to raise awareness and confidence in the adaptation of cryptocurrencies among its citizens (Schaupp & Festa, 2018, May).

According to Esmaeilzadeh, Hemang and Cousins (2019), "The proposed model could serve as a basis for future studies that address the factors that determine the acquisition of Bitcoin for individuals. Further research is needed to test the model to determine the acceptance of Bitcoin at the individual level" (p.1). So, the current study has also discussed the mediation model to measure the purpose of adapting cryptocurrencies in Pakistan as a developing country.

From a Pakistani perspective, Kazi and Mannan (2013) found a positive association between social influences and the goal of mobile banking acceptance by customers. In addition, another study by Farah et al. (2018) demonstrated that social factors play a very significant role in promoting the goal of mobile banking customer acceptance. Generally, the network impact influences all types of split currencies due to their benefit and values associated with many users of this currency. Therefore, social outcomes, especially the role of the private system and institutions, are needed to assess the acceptance and usage of cryptocurrencies (Abramova & Böhme, 2016). The study findings by Kazi and Mannan (2013) also revealed the negative effect of perceived risk on the customers' intention to acquire mobile banking services in Pakistan. In the context of cryptocurrencies, Chan et al. (2018) found that this perceived risk is among the most influential variables in the behavioral goal of adapting cryptocurrencies among citizens.

The findings are particularly important in developing countries still lagging in adopting cryptocurrencies. From a management's perception, the current study is expected to play a role in government, policymakers, and higher authorities to eliminate tangible financial

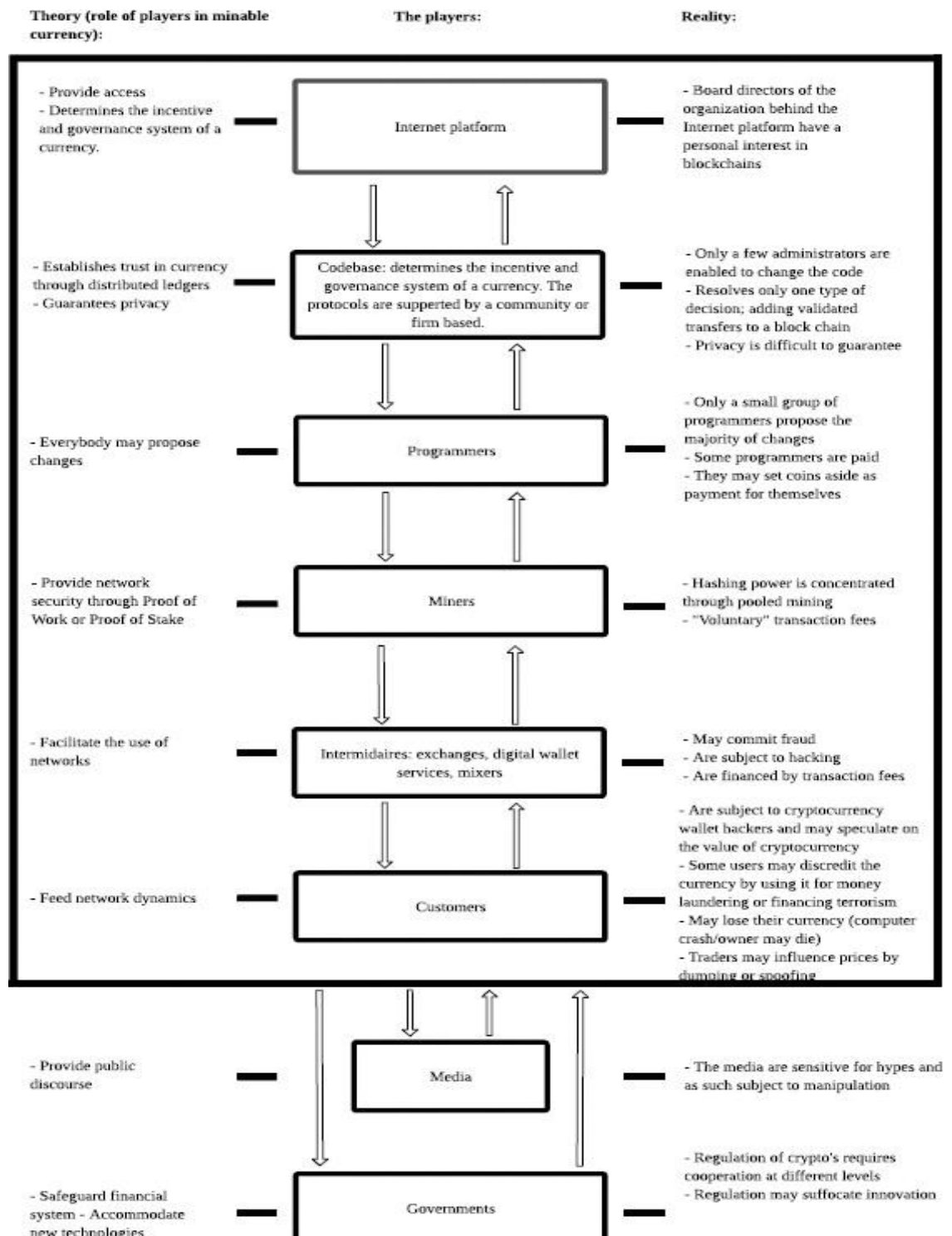
restrictions, present procedures to monitor and regulate cryptocurrencies in Pakistan, and release their cryptocurrencies. Local regulators and financial institutions may also demonstrate the benefits of using cryptocurrencies to increase the country's acquisition rate. App developers can find specific information in this study as they manage and design their privacy apps to make them more relevant.

Modern literature demonstrates many published academic and research works on the idea of cryptocurrency users in various countries. However, there is a limited number of publications, books, and educational researchers related to cryptocurrencies, blockchain, and fintech in Pakistan, especially concerning people's perceptions of acceptance. However, there is less focus on the research to explore factors influencing the purpose of individual behavior using crypto in Pakistan. Therefore, the available research aims to disclose the factors that influence the purpose of individual behavior and their knowledge and awareness about cryptocurrency in Pakistan and its legislation issues.

3. Theoretical Framework

3.1. Cryptocurrency Ecosystem

The theoretical framework of the current study is based on the conception of the cryptocurrency Ecosystem demonstrated by Spithoven (2019). It includes the initiators, codebase, programmers, miners, customers, mediators, media and state government.



Source: Spithoven's (2019) concept of the cryptocurrency ecosystem

Figure 1. The Ecosystem of Movable Currency

3.2. Developers of Cryptocurrency and Internet Platforms

The level of trading of cryptocurrency organizations is that “cash transfers should not be used as a monetary policy tool as inflation destroys value and promotes uncontrolled spending” (Bitcoin Foundation, 2018). So, the governments need to cripple to smooth out the business cycle, which can be achieved by setting a limited limit or allowing for continuous expansion.

3.3. Cryptocurrency is Based on Code

Basic public ledger code includes transaction rules (recording values, sending and receiving

by using encryption procedures), muddle agreements (tree-based principles), block attributes (timestamp, block version number, hashes — that is, input filaments or which lengths are converted into a unit of output characters of fixed length), as well as harmonization processes. There are two rules of connections to determine which blockchain works: first, the lengthiest blockchain is normally considered trustworthy, and secondly, the test, namely, blockchain in the pits, should be connected (not in one genesis but) with the latest blockchain (Abramowicz, 2016).

3.4. Program Organizers

Developers of Bitcoin systems link the Bitcoin protocol (Abramowicz, 2016). Gervais et al., (2014) found that they control it by their decisions about the fork and prevent connections from certain addresses (coin contamination). Various forks may be cruel to use their program providers' financial benefits by setting aside a certain coin as their paycheck.

Source code programmers can benefit from many volunteers by making the software available to all free of charge. Concerning Bitcoin, several contributors to the codebase and several analysts propose altering codebases (Azouvi, Maller & Meiklejohn, 2018). It results in several types of currency involved.

3.5. Miners

The miners 'interactive energy block "may' effectively control [verification] of all activities, for example, blocking certain tasks, authorizing a specific set of tasks [in between, adding blank blocks to a blockchain], or authorizing the double expenditure. transactions" (Gervais et al., 2014). A more than 50% power block can create a new strong fork (Gruber, 2013).

3.6. The Media

The media can allow public discussion to redirect public debates on cryptocurrencies' pros and cons and influence the prices. Investigational journalism also provides service providers and customers with valuable knowledge about the power of new techs, the misuse of these technologies, and existing laws. Nevertheless, the public media is a platform of hype, false narrations and stories of money laundering, exploitation and speculation by traders and experts. It may impair their examination and knowledge functions. Their intention to the inefficiency may distract people from the potential harm of cryptocurrencies and blockchain technology (Papadopoulos, 2015).

3.7. Governments

Fans of cryptocurrencies believe the public lawmakers to make regulation and management through (output) outdated. Their claim has been misrepresented because blockchain technology only affects transaction registration and verification. Participants in cryptocurrency ecosystems are incapable of supervising and punishing misconduct.

"The Bitcoin ecosystem is less reliable than the Bitcoin sponsors' banks which they consider unreliable."(Gruber, 2013).

The government cannot ban cryptocurrencies and their blockchain technologies due to their gaining popularity. The use of cryptocurrencies and the provision of cryptocurrencies-based services are regulated and monitored for anti-crime, anti-traditional crime infrastructure, and consumer protection, at the risk of innovation weakening and the opportunity of developing patents (Hughes & Middlebrook, 2015).

In addition to regulating cryptocurrency in the region, governments also work globally to combat cryptocurrency abuse, as well as protect the cryptocurrency features due to customers who transfer cryptocurrencies "may fall beyond the regulatory limit" of the country law or due to exchange may continue in "countries with limited regulations." Perhaps regimes should block intermingled services and the Tor network (Gruber, 2013).

Considering the discussion above-mentioned, the current study has elaborated on the status and issues of the legality of cryptocurrencies in Pakistan. By considering the elements of internet platforms, program organizers, including influential personalities, miners, and media

and the role of government in recognizing and promoting or banning cryptocurrencies, the study has analyzed the reasons for the illegality or frequent altering of the status of legalization of cryptocurrencies in Pakistan.

4. Methodology

The current study has been conducted qualitatively to analyze the issues and practical initiatives to legalize cryptocurrencies in Pakistan. For this purpose, social media context, Pakistani online news web pages and websites and content from famous personalities have been analyzed since 2014. These sources were making various efforts to legalize and enhance the trend of cryptocurrencies in the trade and economic development of the country. The main sources of social media information were Facebook, Instagram, and Twitter, while the news pages included Geo News, Express Tribune, Triple-A, ARY News, and Dawn News. The famous personalities trying to trend cryptocurrencies include Waqar Zaka and Ghulam Ahmed. They are running their crypto business to guide people to involved in cryptocurrencies in Pakistan. The reasons for using secondary data were the limited time and availability of data on internet sources without turning the research for a long time, which could be difficult and unachievable. The data from these secondary sources were analyzed using Content analysis as used and described by Harris (2001) about the use of content analysis for secondary data. Various themes have been developed considering the emergences, trends, issues and popularity of cryptocurrencies in Pakistan.

5. Results and Discussion

5.1. The Emergence of Cryptocurrencies in Pakistan- 2017 to March 2022

It was reported through Tribune News that DeFi is also a transforming industry and job provider, opening up innovative markets for businesses in the new norm. It will probably face the obstacles of legalization, logistics and regulation that need to be overcome. Blockchain technology secures the security, authenticity, transparency, and automation gaps that presently exist in the current system. It is still hypothetical that cryptocurrency is a flourishing financial industry in South Asia, especially India, followed by Pakistan. The report further mentioned that since their commencement as a Ponzi scheme, cryptocurrencies have developed from being a gambling tool and a highly unpredictable asset to being recognized as a legalized virtual asset of money in this region over five years. The private sector is now considering it a hedgerow against such economic opponents in times of economic expansion, significant currency depreciation and high inflation (Asad, 2022).

The government of Pakistan is divided on the subject of it. Legislators and parliament members are frequently seen as expressing support for this underlying technology, emphasizing the advantages of precision and decentralization in their addresses. When the regulatory system is not in place, the bureaucracy is forced to address the central statements against the moment to curb financial terrorism and widespread fraud, both of which are on the rise. In this situation, the country is prepared to make concrete corporate efforts to attain legal legitimacy for the moment. Culturally viewing, paper-based directive assets by the institutional monopolistic authority are considered heinous. So, there is support for Defi movements within the intelligential sector, including parliamentarians, legislators, entrepreneurs, tech lovers, and investors. In this age of Web 3.0., a consolidatory effort to explain the merits and benefits of cryptocurrencies and blockchain can prove a game-changer for developing countries, including Pakistan (Asad, 2022).

A proper regulatory framework is required to develop this asset class in Pakistan in the earliest possible ways. The lack of an appropriate legalized framework causes the requirement of cryptocurrencies to shift towards ungrounded and unregulated operators. The public and investors are forced to use irregular platforms with less protection as investors due

to the unavailability of any other option. Pakistan can attract blockchain companies with a low-risk threshold than traditional financial services companies. This business will certainly make the appropriate KYC/AML policies and procedures to comply with local regulations. The tax net will also benefit by investing in other asset classes like stocks, commodities, and bonds. Despite the hardships, Pakistan's cryptocurrency boom shows no sign of slowing down in the coming time. There is a surfeit of Pakistan-based social media groups that make other people learn about trading and cryptocurrency mining. Some of these groups have more than ten thousand followers on Facebook. There are various options available for Pakistanis to participate in the Bitcoin revolution. The profit is far outweighed and more extensive than the costs by a large margin. Developing a national cryptocurrency policy and strategy is urgently required and positioning the country as the earlier adoptive parent of the cryptocurrency ecosystem. Various crypto agencies in Pakistan are booming open boulevards for various trading options, including Initial Public Offerings (IPOs) and efforts to define digital tokens (Asad, 2022).

Another source reported that Bitcoin, one of the most prominent and renowned cryptocurrencies, has been an interesting topic in Pakistan for many years. It was introduced in Pakistan 12 years ago. The value of Bitcoin was equivalent to US dollars in 2011. Today the worth of one Bitcoin is \$59,000. This dramatic change in its value has made it the favorite on the internet in the sight of global investors. Many people are slanted towards becoming rich overnight through investing in cryptocurrencies, while various people have lost their hard-earned money due to online cheating and fraud. Although Pakistan has no regulatory system for cryptocurrency yet, various countries are working on it. China is at the final stage of introducing its system of cryptocurrency. Recently, El Salvador has become the world's first country with legalized Bitcoin. Its legislative assembly passed the "Bitcoin Law" with a supermajority vote. This decision marked a significant milestone in the adoption of cryptocurrencies and blockchain technology at the national level. The government also introduced its digital wallet called "Chivo," which provided \$30 worth of Bitcoin to every citizen who registered for the app. This initiative was designed to encourage the use of Bitcoin for everyday transactions. According to its president, Bitcoin would bring economic inclusion, tourism, innovation, investment and financial development to the country. Similarly, Brazil will probably also adopt Bitcoin soon (Vankwani, 2021).

Many internet activists, including entertaining personality Waqar Zaka, are also struggling to urge the Pakistani government to adopt cryptocurrencies for a long time. They view that legalizing cryptocurrencies in Pakistan can help pay off all the country's debts. Pakistani people do not show their assets used in cryptocurrency due to a lack of clarity, which causes a severe loss in the national exchequer. These people also do not pay taxes despite having economic assets in the shape of cryptocurrencies. Due to the COVID-19 pandemic, the world's several currencies are devalued, including the Pakistani rupee. However, Bitcoin still boosted the confidence of investors to keep their virtual assets. Many online businesses on the internet accept Bitcoin in global business. The currency is also used and encouraged to buy video games and other online activities, including video streaming (Vankwani, 2021).

5.2. Crypto Trading in Pakistan and Issues

Ali (2022) reported that Pakistan is among the fastest economically growing countries with a youth corporation of 65%, rapid technologically adaptive, and the government is attempting to enable the business-affable legislative framework. The recent data from Sensor Tower showed that OKEx, Crypto, Blockfolio, KuCoin and Binance are the top cryptocurrency exchanges in Pakistan among iOS and Android users. There are no proactive measures to capitalize on this huge opportunity in the sixth most populous country with the third-highest international crypto adaptation. Most of the exchanges are operated through ghost partners without any regular effort. Thousands of Pakistani traders are listed on cryptocurrencies

outside of Pakistan. The website localbitcoin.com is one of the master platforms of crypto exchanges that facilitates a mass of Pakistanis. The results also indicated that the Ministry of Pakistan found that the unawareness and legalization of cryptocurrencies can probably enhance the vulnerability of fraud among Pakistanis while trading crypto assets by irregular means. While it came to notice through media that major businesses, including Emirate Airlines and Starbucks, have initiated receiving payments through cryptocurrencies, India has started imposing a 31% tax on their profit. Meanwhile, the High Court of Singh has directed the finance and law ministries to finalize the matter (Dawn News, 2022).

The sources also showed that more than 8,000 cryptocurrencies are being traded through the dark web. The majority of them are fraudulent and do not provide financial and capital protection to the investors. So, there is a need for recognition for these activities. The stakeholders have turned down to launch of cryptocurrencies and crypto-assets in Pakistan. However, international experts are demanding that local authorities follow the international path and connect with the capacity of digital currency. Initially, the State Bank of Pakistan and the Securities and Exchange Commission of Pakistan decided to disown the cryptocurrencies because it may invite the indignation of the Financial Action Task Force and International Monetary Funds (Dawn News, 2022).

The State Bank of Pakistan (2018) raised some points to ban and not legalize virtual currencies in Pakistan by publishing a public notice. It was mentioned in the notification that virtual coins, currencies, or tokens provide a high degree of obscurity and potentially can be utilized to facilitate illegal activities. Furthermore, due to the ambiguity of virtual currencies, there are no legal precautions and protection available to any individual in case of any loss due to any or all of the following consequences:

A: High-value precariousness as investment bound for virtual currencies is not stable to a great extent and is mainly dependent on conjectures,

B: Failure/closure of virtual currencies exchange/business because of any cause inclusive actions taken by the law enforcement agencies and;

C: Hacking/security arrangements of cryptocurrency connections and wallet enterprises as many occurrences have been reported globally. Many funds have been missed because of the exchange or wallet procedures being hacked and compromised.

The State Bank of Pakistan (2018) further demonstrated that fraudsters also offer high returns with pyramid-style investment schemes and coins like Ponzi schemes to the public of Pakistan that enhance the risk of a significant loss to them. SBP advised the laypeople that the State Bank of Pakistan regulates international and domestic payments and money allocation services in Pakistan by applying laws. There is no single individual licensed and authorized by SBP to offer the remittance services of money and products in Pakistan using virtual currencies, cryptocurrencies, tokens and coins. Any person using virtual or cryptocurrencies to transfer value outside Pakistan is subject to prosecution as per the rules and applicable laws (ANI, 2022).

Earlier, the Federal Investigation Agency (FIA) issued a notice to the cryptocurrency exchange. Binance, during the investigation of cryptocurrencies, scammed over 100 million US dollars. FIA's cybercrime wing invited the Bitcoin General Manager or its development analyst in Pakistan to come and clarify the business situation regarding fraud. A related inquiry form has also been sent to the Binance Headquarters US and Cayman Islands to describe the same factors. In January 2022, numerous people in Pakistan launched the complaints to FIA against the 11 mobile applications that stopped functioning for a period and purportedly swindled billions of Pakistanis' rupees. The report also showed that people of Pakistan had bought cryptocurrencies worth five crores USD in just six months (ANI, 2022).

It was also found that there were many irregular institutions in Pakistan continuing the cryptocurrency business in illegitimate manners. The court observed the threat of money

laundering and terrorism of finance along with other cybercrime activities in such a situation. The committee also considered whether any shape of cryptocurrencies was permissible in Pakistan, considering Article 18 of the Constitution. The petitioner claimed that cryptocurrencies were decentralized digital money with regulatory facilities and recognition. But despite this, the court did not legalize cryptocurrencies in Pakistan (Dawn News, 2022).

5.3. The Popularity of Cryptocurrencies in Pakistan

The government can take 12-18 months to decide about it. For proper security, crypto transactions should be considered legal and subject to the following regulations: they can consider preventing conversion from crypto to rupee accounts abroad. If necessary, they may be prepared to accept additional regulations to ensure security (Haider, 2022).

Pakistan ranks among emerging market players in the crypto commodity industry the third in the Chain Analysis 2021 Global Crypto Adoption Index with a market growth of 711 percent from 2020 to 2021. Investors have had concerns about the high tax rate, and there has been much good in regulating the industry rather than a total ban (Haider, 2022). In response to the FIA's request, the Pakistan Telecommunication Authority (PTA), in a statement released on Monday, said the authority had not been able to block thousands of websites involved in cryptocurrency trading due to the Pakistan State Bank (SBP) circuit.

"The PTA will not block websites until cryptocurrency is developed in Pakistan,"

Meanwhile, the Pakistan Telecommunication Authority has also begun consulting with the relevant authorities to determine the end of digital currency. The Federal Investigation Agency had written to the Pakistan Telecommunication Authority (PTA) to close 1,600 cryptocurrency-related websites. In the letter, the agency wrote that cryptocurrency is also a tool for money laundering. The organization also identified 1,600 cryptocurrency-related websites. It is worth mentioning that the State Bank of Pakistan has announced the illegal cryptocurrency currency in the country since 2018. In January this year, Shibli Faraz claimed that Pakistan Tehreek-e-Insaf (PTI) led a federation authority aimed at generously generating cryptocurrency in Pakistan. He was speaking at the first Pakistan Blockchain Summit 2022 in Islamabad. Shibli Faraz said the State Bank of Pakistan, the Securities and Trade Commission and the Finance Ministry were already working on the plan (ARY News, 2022).

The Potential of Cryptocurrencies in Pakistan January 2022 (Geo News): In December 2021, the assembly of the province of Khyber Pakhtunkhwa also passed a resolution simultaneously to legalize cryptocurrencies. Before it, the Binance app was one of the most downloaded apps in Pakistan and was not approved and regulated by the agencies. The Security & Exchange Commission of Pakistan (SECP) has not allowed or granted license approval to cryptocurrencies. The experts found it appropriate to make more efforts to advocate cryptocurrencies and make policymakers of Pakistan about this innovative space. There is a vast opportunity to develop an ecosystem to embrace such opportunities and build wealth in Pakistan (Ahmed, 2022).

The Action of Sindh High Court (October 2021): The Sindh High Court asked the federal government to regulate cryptocurrencies within three months. The court decided and directed the government to establish a committee headed by the federal secretary of finance to determine the legislative status of cryptocurrencies in Pakistan. The court has commanded the agencies to develop a report on the usage of cryptocurrencies in Pakistan (The Express Tribune, 2021).

Pakistan's Eyes Own Crypto (April 2021): Pakistan is currently studying ways to incorporate its digital currency with numerous countries, including China. It wants to expand its banking facilities to assist the underserved and facilitate the fight against money laundering and

terrorism finance. Additionally, the currency world will also help combat the prevalent issue of corruption faced by the Pakistani government.

Pakistani Provinces are Planning to Establish Pilot Cryptocurrencies Mining Farms (March 2021): The Pakistani province Khyber Pakhtunkhwa will establish two hydro-electric powered pilot mining farms to capitalize on the bullish international cryptocurrencies market as overseeing the new government crypto policy. The announcement has been made considering that the cryptocurrencies are attaining mainstream acceptance, with Bitcoin's value reaching a record level as investors pour funds into it. The first big bank in the US, Morgan Stanley, also offers its wealth management clients to access bitcoin funds.

Pakistan Discusses Crypto Regularity with no Ban (November 2020): Pakistan's Securities and Exchange Commission accentuates digital assets as it indicates the start of a new digital marketing and finance age.

Pakistani Celebrity Argues Against Cryptocurrencies Ban (September 2020): The co-founder of TenUp, Waqar Zaka, working with the blockchain-based endeavor capital startup, criticized the ban on crypto in Pakistan.

Faisal Bank Initially Partnered with the Crypto-Based Firm Wave in Pakistan (September 2019): Faisal Bank has launched a digitally enabled solution for customers using Ripple.

Pakistan Focuses on the Digitalization of Government Administration (April 2019): The acting PM of Pakistan conducted a meeting with the agenda of digitalizing government operations.

Pakistan's Central Banks Aim to Focus on the Issue of Digitalizing the Currency By 2025: Its purpose is to promote financial indulgence and efficiency and cope with corruption (TripleA, 2021).

5.4. Influential Personalities in Cryptocurrencies

Waqar Zaka is an entertainer and social media activist/mentor for millions of people worldwide. He is the top cryptocurrency influencer with more than 4.4 million followers on Facebook, having 1.2 million subscribers on his YouTube channel. His first video on cryptocurrencies was posted on YouTube on April 28, 2016, when Bitcoin had a value of around \$250, and he encouraged people to get crypto at that time. In 2021, he registered a petition to legalize cryptocurrencies in Pakistan by contending that cryptocurrencies were based on decentralized digital money and had the regulatory facility. It can also be recognized concerning cybercrime. He also reported that many unregulated institutions in Pakistan were pursuing illegal cryptocurrency businesses (Khan, 2021).

It all started with Waqar Zaka. In 2014 he announced that he was resigning from television programs and made it clear that he would only be working on social media for his future. People often asked him how he could make as much money as he did at Living on the Edge in the years that followed. He pointed out that a social media platform called Bit Landers helped him do more as the forum paid him to Bitcoin for developing crypto-related content.

Waqar's most famous and well-known mission was to enter war zone areas, capture a few refugees and help them earn money through Bitcoin. As a reference, a YouTube video entitled "Waqar Zaka teaching refugees cryptocurrency" was recognized as part of the Blockchain for Good initiative. As a result, various blockchain conferences invited Zaka as a guest speaker to discuss topics such as "How to use the community," "crypto advertising media" "and" Blockchain for Good" (Gardezi, 2021).

5.5. Fighting Domestic Opposition

During the difficult times of cryptocurrencies in Pakistan, Waqar tried to find a lawyer who would fight the case in court against the local ban. However, after a year-long struggle, he decided to apply to a Pakistani court without a lawyer. For two years, Waqar has been in court, delivering submissions explaining to judges why Bitcoin is the future, why the State Bank of Pakistan cannot block Bitcoin, and why authorities should not arrest people for

seizing Bitcoin.

Waqar Zaka uses straightforward methods to promote sophisticated blockchain technology and cryptocurrencies in general. From 2015 onwards, he published YouTube videos about the value of Bitcoin, asking people to buy at least one BTC, and suddenly, people started following him even more (Gardezi, 2021).

Finally, in December 2020, a Pakistani court ordered the appropriate authorities to refrain from arresting Bitcoin owners unless they were found guilty of money laundering. This was the time when Zaka started advertising freely and forcing people to trade in secret currency, as he was aware of the Bitcoin half-duration cycle and how the bullfighting cycle began when Pakistan missed out in 2017.

Today, Waqar Zaka has more than four million Crypto followers on its Facebook page, where it comes Live with awareness videos. And he has over a million followers on his YouTube channel with tons of videos explaining the nature of everyday crypto styles (Gardezi, 2021).

The Reward of the Struggle

Zaka says he predicted the collapse of Bitcoin 24 hours before the negotiations ended on May 18, 2021. Bitcoin had already plummeted after reaching a peak of 59,000. Waqar predicted a further drop on May 18, the day before it dropped from \$ 43,000 to \$ 36,000.

Waqar Zaka favors cryptocurrencies in a unique style through online live YouTube and Facebook sessions, where he uses his experience and financial astrology to get the quickest benefit in minutes. Hence, he is a trendsetter with his fresh and unique type of future trading with streaming and talking Live with the majority in profit. He named it "Godzilla Trading," He is the only crypto influencer with the highest viewership in 2 hours of live sessions on Twitter, Facebook and YouTube. People living in Pakistan, India, or UAE who understand Urdu or Hindi follow him religiously because of his attractive style of entertainment during his live streaming and showing the people his trades for millions of dollars. So, many people sometimes attract thousands and sometimes hundreds of thousands because of the unique part they trade during live streaming with the greatest profit within 7 to 10 minutes. Many people call him "Crypto Magician" (Khan, 2021).

Conclusion

It has been found that FATF has placed Pakistan on a grey list in terms of adherence to cryptocurrencies' regularity (Ibrahim, 2019). Through, Pakistan's relevant authorities (SBP, FIA, NAB and Ministry of Finance) try to get off the grey list. These authorities should also consider planning a regulatory system to accommodate cryptocurrencies, while the State Bank of Pakistan's role could be more critical. The popularity of cryptocurrencies among Pakistani people is increasing. However, various people still do not know the proper way of investing and attaining benefit from it, which causes fraud due to unrecognized institutions. The study also concludes that there is a need to focus on policies for checking and balancing crypto businesses in Pakistan and the involvement of NAB, FIA and cyber authorities of Pakistan. In this way, the country can make its way to economic growth at the national and international levels by profiting its people.

6. Policy Implication

The study can assist policymakers in viewing the issues and need for cryptocurrencies for the country's economic development. The results can be implemented to legalize cryptocurrencies in Pakistan by overcoming the issues and coordination among legal and regulatory institutions for an individual to become a profitable global business.

Conflict of interest

The study declares no conflict of interest during the research.

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