

India's move to ban Bitcoin shows its own crypto ambitions

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After months of speculation about the Indian Government's stance on

Bitcoin, the country finally looks set to denounce Bitcoin and many other cryptocurrencies by banning them as recognized domestic payments.

The move follows China's decision to place a similar ban earlier this year, but completely contradicts El Salvador's public embrace of Bitcoin—defying the World Bank by declaring it legal tender and even announcing intentions to create 'Bitcoin City' at the base of its volcano.

Dr. Francesc Rodriguez Tous, Lecturer in Banking in the Centre for Banking Research at Bayes Business School (formerly Cass) believes even the largest countries in the world like India are China are powerless to stem the tide of movement towards digital payments.

"Cryptocurrencies were born to escape the monopoly of governments issuing currency, so some pushback is bound to be expected," Dr. Rodriguez Tous said.

"However, even the power of India as a global player is not going to stop crypto trading. The move towards digital payments is irreversible, so many governments are either thinking about or actually issuing [central bank](#) digital currencies. India's skepticism about Bitcoin and other cryptocurrencies is most likely motivated by two things: protection of national tender and a quiet ambition to develop and strengthen its own, homegrown cryptocurrencies.

"Although moves like this appear to limit the use and therefore diminish the value of the banned cryptocurrencies, there are usually ways of circumventing these bans so I can't see long-lasting damage being done to the value of digital payments. Furthermore, very few countries have imposed outright bans, so this is not in any huge danger just yet.

"Several [major economies](#) are expressing an opposition to Bitcoin and cryptocurrency in general, but I don't think India's stance is part of a

coordinated effort to undermine it.

"In many countries, high exposure to volatile capital flows and outdated banks mean cryptocurrencies can significantly lower transaction costs while having little power to impact government monetary systems. This is because they are already greatly exposed to the actions of the Federal Reserve."

Provided by City University London

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