

China online marketplace Taobao to ban Bitcoins

8 January 2014



A file picture shows a pile of Bitcoin slugs sitting in a box ready to be minted on April 26, 2013 in Sandy, Utah

China's largest online marketplace, Alibaba Group's Taobao, said Wednesday that it would ban the trading of Bitcoin and other virtual currencies from January 14, after a government crackdown on the units.

The People's Bank of China (PBoC), the country's central bank, in December ordered financial institutions to halt Bitcoin-related services and products and cautioned against its potential use in money-laundering, according to a statement.

Bitcoins—a form of digitally-created "e-money"—are stored in a virtual wallet, and can be sent directly to another person, bypassing banks and remaining largely anonymous.

The PBoC also banned domestic third-party [payment](#) companies from providing clearing services for virtual currencies, according to state media reports.

"In order to better promote the healthy development of Taobao Marketplace and

effectively safeguard interests of Taobao members, Taobao will adjust its management practices on prohibited goods according to related state laws and regulations," Taobao said in a statement on its website.

"Newly added rules include a [ban](#) on sales of Internet virtual currencies like Bitcoin and Litecoin," it said.

Taobao said the trading ban also applied to tutorials on how to "mine" virtual currencies, as well as hardware and software used to obtain them.

Taobao Marketplace, a consumer-to-consumer platform, has nearly 500 million registered users, according to the company.

A spokeswoman for parent Alibaba Group told AFP that the ban applied to the trading of Bitcoin and other virtual currencies through Taobao, which lists more than 800 million products.

However, Taobao had never accepted Bitcoin as a payment method, she said.

Alibaba, which is preparing for an overseas stock listing which some analysts expect to rival Facebook in how it values the Chinese company, also operates China's leading third-party online payment platform, Alipay

Taobao said in its statement that the PBoC had ordered payment providers, which include Alipay, to shut down payment channels using Bitcoin and other such currencies.

Before the government ban, Chinese speculators poured money into Bitcoin, driving the price on the BTC China exchange up 9,122 percent from January 1 to November 30 last year and making the country at times the world's biggest Bitcoin market.

Bitcoins were created in 2009 in the wake of the [global financial crisis](#) by an anonymous programmer who wanted a currency independent of any central bank or financial institution.

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APA citation: China online marketplace Taobao to ban Bitcoins (2014, January 8) retrieved 4 October 2022 from <https://phys.org/news/2014-01-china-online-marketplace-taobao-bitcoins.html>

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