

STABLE COIN- SHADOW BANKING
RISKS AND LEGAL CHALLENGES

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Traditionally, currency transactions are heavily regulated to address concerns about fraud, money laundering, capital flight, currency manipulation, terrorist financing, and more. But today, the regulatory approach to virtual currencies across the world has varied widely.

Crypto-currencies have been recognized since 2012 the EU has continued to release guidance, trend analysis, and regulations about these digital assets. In 2018, the EU started formulating the 5th Money Laundering Directive.

While blockchain technology is essentially decentralized, regulations in China have aimed to guarantee state control over its development and application. For example, the Chinese government has launched its own digital currency the digital yuan.

While crypto-currency is not outlawed in Russia, there is an ongoing conflict being waged against its use. Russia passed its first laws to regulate crypto in 2020, which for the first time designated crypto-currency as property liable to taxation.

In the United States, where the stock market is highly developed, the legal policy on digital money is relatively flexible. In particular, rules and regulations on contract law and financial transactions are being enforced. New York established a framework for regulating crypto-currency platforms, known as Bit License, in 2015.

The increasing circulation of digital money in the financial markets is the reason for the need for more detailed legal regulation. The experience of some countries shows that they tend a policy of flexible control over the circulation of electronic money. In particular, The United States and the EU countries are pursuing to a policy of expanding the e-money stock market.

Within the framework of this policy, it is necessary to update banking and financial acts and adopt a regulation on consumer protection. In particular, the law should include requirements for virtual asset service providers, procedures for their registration and monitoring, and provisions related to the confidentiality of information.

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