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Gandhinagar, August 25, 2020: Gujarat National Law University (GNLU) organized a webinar on Blockchain Technology and Fintech: Applications and Regulations, today.

Dr M. K. Bhandari, CEO, Infinity Law-Tech Educational Services and visiting faculty at National Law University, Assam gave presentations on the blockchain technology and regulatory framework for fintech in India.

In his inaugural address, GNLU Director Dr Shanthakumar gave a brief overview of the blockchain ecosystem's evolution from version 1.0 (bitcoin) to version 2.0 (smart contracts) to version 3.0 (e-governance). He highlighted the core strengths of the technology like immutability, transparency, decentralisation and cost-efficiency that attract industries in various sectors. He said: "While blockchain technology offers many advantages, the most significant of them is the elimination of the possibility of fraud, hacking or cyberattack on account of the immutability of data stored on it."

Dr Shanthakumar said that this revolutionary technology finds its application in every sphere of human life and the legal profession is no exception. He advised law students and professionals to embrace this technology stating that "a day is not far when the entire judicial system would depend on this technology, right from the filing of a petition to its final disposal."

Dr Bhandari said that blockchain technology is a decentralized model of a peer-to-peer transaction, that is, intermediary-free transaction. It has the potential to give freedom back to people in our considerably new technical civilization. Drawing analogy to the Magna Carta, he said that the blockchain technology is the Charter of freedom of technological human rights.

Dr Bhandari further said that cryptocurrency or digital currency is a misnomer because a currency implies a sovereign issuer, which element is missing in the case of cryptocurrency. At best, cryptocurrency can be classified as Digital Assets, he said.

Dr Bhandari said that blockchain technology is all-pervasive. It finds application in digital currency (e-commerce, global payments, remittance, p2p lending, microfinance), record keeping (healthcare, title records, ownership, voting, intellectual property), securities (equity, private markets, debt, crowdfunding, derivatives) and smart contracts (digital rights, wagers, escrow). He cited the PwC's recent report that 84% of surveyed executives claimed that their companies are actively involved with the technology through implementation or research, to remain competitive. He further said that nearly 120 countries including the USA, Canada, Australia, New Zealand and Japan, are actively using blockchain technology for various purposes. India, however, is still in the early experimental stage.

Dr Bhandari said that the Reserve Bank of India had banned transactions in cryptocurrencies vide the April 05, 2018 circular which has since been quashed by the Supreme Court of India vide its judgement in the case of Internet Mobile Association of India Versus Reserve Bank of India, on March 04, 2020. At present, India lacks a proper policy framework to regulate trading in cryptocurrency. He further said that the growth and popularity of cryptocurrencies cannot be ignored. The Government should bring a comprehensive law for its regulation. For this purpose, the ministries of finance, law and Information Technology, Reserve Bank of India and Securities and Exchange Board of India should constitute joint task force of experts to examine all relevant issues and propose a comprehensive law for the regulation of cryptocurrencies in India. “There is also a need for a global treaty under the umbrella of global financial institutions, World Trade Organization and, maybe, the United Nations.

In the second session of the webinar, reflecting on the global and national trends in the FinTech market, Dr Bhandari said that the overall transaction value in the global Fin-Tech market is predicted to grow from around USD 5.49 trillion in 2019 to USD 9.82 trillion in 2023, a CAGR of 15.64%. Similarly, the overall transaction value in the Indian Fin-Tech market is estimated to jump from approximately USD 66.1 billion in 2019 to USD 137.8 billion in 2023, growing at a CAGR of 20.18%.

Talking about the challenges in cryptocurrencies, Dr Bhandar said that anonymity of issuer is a big hurdle in regulating and taxing cryptocurrency and added that blockchain version 4.0 is examining whether we can trace the initiator of the transaction by reverse engineering. If this succeeds, it will be easy for governments to enforce compliance with KYC norms and also collect tax on cryptocurrency transactions.

In the collusion, Dr Bhandari said that India has the potential to become the next global fintech hub that can manage domestic as well as global transactions. To realize this potential, we need to develop an effective policy and a strong infrastructure. He argued that it is the need of the hour to frame a sui generis, comprehensive and non-discriminatory regulatory framework that provides a level playing field while managing the use and possible misuse of FinTech facilities and services and a self-regulatory body to reduce the burden on RBI and SEBI.

The webinar was organized under the aegis of GNLU Centre for Law and Technology.

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