

ECB governor calls for tax, regulation on bitcoin

BERLIN, Germany: A top European Central Bank official called for governments to regulate and tax bitcoin, labelling the cryptocurrency an object of speculation and a tool for money laundering.



Ewald Nowotny, European Central Bank governing council member

"One ought to apply what the basic rule is in any other financial transaction: everyone involved should reveal their identity," ECB governing council member Ewald Nowotny told the German daily *Sueddeutsche Zeitung*.

"We need a value-added tax on bitcoin, since it's not a currency," said Nowotny, who is head of Austria's central bank.

Nowotny's comments echo those by other ECB officials, who regard the bitcoin's spectacular surge in value as a bubble, rather than a sign it could be a digital competitor to the euro single currency used by its 19 member nations.

Nevertheless, the "digital gold" is a concern for central bankers as it can allow money launderers to dodge around increasingly strict rules in the traditional financial system.

"It can't be allowed that we've just decided to stop printing 500-euro notes to fight money laundering, that we've slapped strict rules on every tiny savings club, and then have to watch people blithely laundering money around the globe with bitcoin," Nowotny said.

Bitcoin, launched in 2009, is a virtual currency created from computer code. It and other virtual currencies use blockchain, which records transactions that are updated in real time on an online ledger and maintained by a network of computers.

Bitcoin is perhaps the best known and most popular virtual currency and its value surged as high as \$19,500 in December from around \$1,000 in January, but has slipped back after a series of warnings from governments and analysts about the risk and volatility associated with cryptocurrencies.

While blasting the cryptocurrency's bubble-like characteristics, Nowotny acknowledged the topic had "reached the heart of society," with people now asking him on the Vienna metro whether they should buy bitcoin, rather than gold as in the past.

But "the central bank would only have to intervene if (bitcoin) were to change people's behaviour. There are no signs of that yet," he said, noting that wild gyrations in bitcoin's value and slow transaction speeds made it hard to use for everyday payments.

Source: *AFP*

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