



Bitcoin Falls as International Pressure Mounts: Could Canada Emerge as a Hot Spot for Cryptocurrencies?

Description

On March 8, the Japanese Financial Services Agency suspended trading on two cryptocurrencies in the aftermath of a cyber-heist worth over \$500 million on Coincheck, one of the largest cryptocurrency exchanges in Japan. The price of Bitcoin has been battered in the aftermath, at one point falling below the \$9,000 mark. In early trading on March 14, Bitcoin was trading slightly above \$9,000.

Alphabet Inc. announced that Google will ban online advertisements that promote cryptocurrencies and initial coin offerings. This mirrors a move that **Facebook Inc.** made in late January. The new policy from Google will be effective in June.

Bitcoin and other cryptocurrencies have experienced increased volatility in 2018, as a number of countries, including China and Korea, have moved to [regulate cryptocurrency trading](#). France and Germany have reportedly drawn up proposals to unveil to G20 members that will lead to more cooperation when it comes to regulating cryptocurrencies. Japan has joined the call, and government officials have signaled that they are ready to join other nations in cracking down on cryptocurrency-utilized money laundering.

Many Bitcoin and cryptocurrency advocates have been highly critical of this reasoning. According to the National Policy Agency in Japan, cryptocurrency-utilized money laundering made up less than 1% of cases from April to December 2017. Cryptocurrency exchanges have said that this undermines the argument from government officials in Japan and in other nations that money laundering is the key driver in seeking policy change.

The joint proposal from Germany and France is expected to request stricter regulations based on concerns over money laundering, terrorist financing, and consumer protection. East Asia and the European Union may not find a great deal of support, however, as other nations have not expressed great interest in moving forward on stricter regulations going forward. It could instead generate opportunities for other countries. One of those countries [could be Canada](#).

Low electricity costs in Canada are attracting Bitcoin miners. Many miners have been driven out of

China, which was formerly the hub for Bitcoin-mining activity, after stiff regulations were introduced in recent months. In late February, Manitoba Hydro reported that there are six major digital currency miners aiming to set up in the province, and that miners consume as much power as 18,000 households. Coinsquare, a leading cryptocurrency trading platform in Canada, is also reportedly exploring an initial public offering in 2018.

A **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) report released in early January projected that cryptocurrency and blockchain technology could produce a \$10 trillion economic ecosystem. The bank estimated that there is a \$4.2 billion market for cryptocurrency mining equipment. Royal Bank has already made forays in researching the potential of blockchain technology. In late 2017, Royal Bank announced that it was using blockchain to facilitate transactions between its Canadian and U.S. locations.

Canadian banks have not followed international counterparts in banning cryptocurrency trading. Canada has continued to invest research in blockchain technology and has not expressed the hostility and skepticism of some of its allies. Looking ahead, Canada has the potential to establish itself as a safe haven for cryptocurrencies just as it prepares to become only the second country to legalize recreational cannabis use.

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