Cryptocurrency: A Threat or Opportunity

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This report is submitted to the School of Business and Economics, United International University, as a partial requirement for the fulfillment of the Bachelor of Business Administration

Cryptocurrency: A Threat or Opportunity

Submitted to

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Submitted by

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BBA in AIS

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School of Business and Economics

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Letter of Transmittal

Date: March 11, 2026

To
Dr. Mohammad Tariq Hasan
Associate Professor
School of Business and Economics
United International University

Subject: **Submission of Report on "Cryptocurrency: A Threat or Opportunity"**

Dear Sir,

With due respect, I am presenting my final report entitled "Cryptocurrency: A Threat or Opportunity" to you, as it is a partial requirement for achieving a Bachelor of Business Administration from United International University. This report is a result of academic dedication and sincerity. It showcases and examines the dual nature of cryptocurrencies within the global financial systems, and it highlights both the risks and transformative opportunities. This report also explores the impact of cryptocurrencies on the investors, regulatory authorities, and institutional structures. Finally, this report analyzes in depth the role of good governance in addressing emerging challenges.

Your valuable guidance, constructive feedback, and constant encouragement inspired the completion of this report. I am deeply grateful and respectful to you. I sincerely express my hope that the report will meet your desired standards, expectations, and requirements and make a meaningful contribution to the digital finance sector. Thank you for your kind consideration.

Respectfully submitted,

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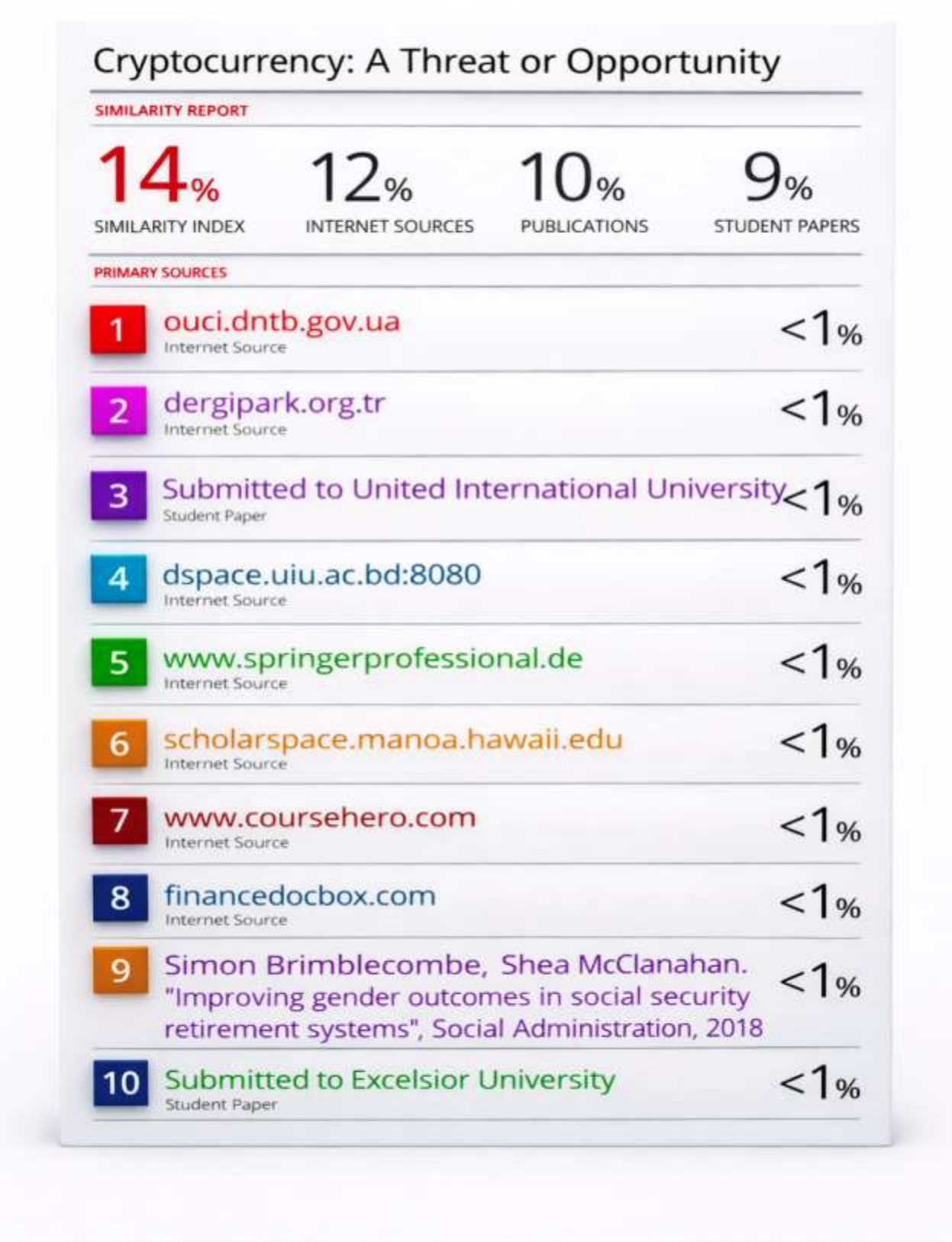

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Declaration of the Student

I affirm that the report titled “Cryptocurrency: A Threat or Opportunity” submitted to the School of Business and Economics at United International University is completely a result of my consistent study and own efforts.

This report has not been submitted fully or partially for a degree, diploma, or certificate at any other institution or university. All sources and references that I have used in preparing this report have been duly identified and mentioned.

I confirm that the work presented here has been completed following the standards of academic honesty and originality of United International University.

Declared by:
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Date**:** March 11, 2026

Acknowledgment

I began my report work by establishing my allegiance to my Creator. The last work has been successfully accomplished by his grace.

I am very thankful to my research instructor and supervisor (Dr. Mohammad Tariq Hasan, Associate Professor-UIU SOBE). His direction and cooperation have played a special role in carrying out this research work. His discretion and constant observation added a new dimension to the field of this research.

I express my loyalty to my other teachers. Their cooperation has enriched my knowledge in various fields.

The inspiration of my family and friends gave me the drive to do this.

I am particularly grateful to all those researchers and institutions whose research papers were used in the report. The role of their research paper in strengthening the basis for my work was outstanding.

Abstract

Cryptocurrency has emerged as a revolutionary advancement in the context of modern economics. This decentralized system, which began with Bitcoin in 2009, is directly challenging the current monopoly of traditional banking and state regulatory structures. While it has created opportunities for financial inclusion, cost-effective transactions, and a new door to the modern economy, on the other hand, it has also brought some complex issues. Such as market volatility, cybersecurity risk, and some unclear rules and policies. There are two theoretical frameworks, 'Innovation Diffusion Theory' and 'Institutional Theory' helps to understand the impact of cryptocurrency adoption. Where the 'Innovation Diffusion Theory' explains the importance of practical accessibility of technology, and the institutional theory explains the importance of the state regulatory environment, both are reflected equally. The combination of these two gives a balanced theoretical perspective is serving as the main criterion for assessing the opportunities and threats of using cryptocurrency in the digital economy. The use of cryptocurrencies can play a major role in the growth of developing economies through decentralizing and diversifying the financial system, which can be identified from the literature review and findings. This technology opens up new opportunities for economic growth in developing countries, as well as diversifying investment opportunities. On the contrary, they also create some major challenges in terms of financial stability and transparency. The lack of a strong institutional framework complicates accountability in many areas. This study combines both theoretical and practical aspects to provide important direction for the evaluation of the financial system in the future by using cryptocurrencies. It also provides some recommendations for the effective use of cryptocurrencies to policymakers and helps them to reduce potential risks. For developing countries, as they have to maintain a balance between innovation and sustainable growth, these results are particularly significant.

Keywords: cryptocurrency, blockchain, financial inclusion, volatility, corporate governance, innovation diffusion theory, institutional theory.

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List of Acronyms & Abbreviations

Acronym	Full form
AIS	Accounting Information Systems
AML	Anti-Money Laundering
BBA	Bachelor of Business Administration
BSEC	Bangladesh Securities and Exchange Commission
BTC	Bitcoin
CAPM	Capital Asset Pricing Model
CBDC	Central Bank Digital Currency
CFT	Counter Financing of Terrorism
DAO	Decentralized Autonomous Organization
DeFi	Decentralized Finance
ETF	Exchange-Traded Fund
FOMO	Fear of Missing Out
IMF	International Monetary Fund
IOC	Initial Coin Offering
KYC	Know Your Customer
MiCA	Markets in Crypto-Assets (EU regulatory framework)
NFT	Non-Fungible Token
OECD	Organization for Economic Co-operation and Development
P2P	Peer-to-Peer
PRISMA	Preferred Reporting Items for Systematic Reviews and Meta-Analyses
RWA	Real-World Assets
ROI	Return on Investment
SEC	Securities and Exchange Commission
TradFi	Traditional Finance
USD	United States Dollar

CHAPTER I: INTRODUCTION

1.1 Background of the Study

The advent of digital currencies represents a transformative era in financial history, leading the industry from dependence on central authority to decentralized legalization methods. The movement was sparked by Nakamoto's white paper in 2008, which outlined a peer-to-peer electronic payment structure that would work without the involvement of traditional banks. By using the blockchain (a permanent and open digital record), these currencies have established a level of personal control and protection that was previously not possible to achieve in conventional finance (Böhme, Christin, Edelman, & Moore, 2015; Hasan, Miraz, Sumi, & Sarkar, 2021; Miraz, Hasan, Masum, Alam, & Sarkar, 2020; Miraz, Jin, Hasan, Hossain, & Hoque, 2024; Miraz, Sharif, Hassan, & Hasan, 2020). What started out as a limited-range experiment has now become a global phenomenon. Over the past decade, Bitcoin and its successors have transformed into an "investable asset class", attracting everything from retail hobby investors to institutional giants (Kartozhnykov, 2021). This rapid growth has split the financial world into two camps. On the one hand, advocates see an unprecedented opportunity for financial inclusion that would help people who are outside of the banking service, reduce costs on cross-border remittances, and drive innovation in "decentralized finance" or DeFi (Miraz et al., 2025; Zaher & Roy, 2025). On the other hand, some people or critics see these crypto assets as a “systemic challenge” because they focused only on the “ Dark Side” of this ecosystem, such as: extreme price fluctuation that can any time wipe out ones savings within a blink of an eye, environmental costs of mining technology, and the use of “amalgamation of techniques” to conceal illegal transactions (Capponi & Jia, 2021; Mariani & Homoliak, 2025; Miraz, Hasan, Sumi, Sarkar, & Hossain, 2022). As the world is trying to get over this “Bitcoin-Micro Disconnection”, the debate is now no longer limited to whether cryptocurrencies will survive, but how they will be governed in a global economic system (Benigno & Rosa, 2023; Miraz, Hasan, Rekabder, & Akhter, 2022a, 2022b; Miraz, Mohd Sharif, Hassan, & Hasan, 2020).

1.2 Problem Statement

For the widespread adoption of digital assets, first, people and regulators need to have trust in the system, that the system is safe or reliable for investment. Though the system is designed in such a way that it doesn't need any central authority, people need to trust the code, cryptography, and consensus mechanisms. So, a big question or conflict arises or remains: can the general people or regulatory authorities ever have full trust in the "Trustless" or "Trust-Neutral" system? While cryptocurrencies promise to open up the economy for everyone, they also create some risks that conventional laws are struggling to deal with. The key problem lies in the 'controlling dilemma' or regulatory dichotomy (Sifat & Mohamad, 2018). On the one hand, many crypto projects lack strong corporate governance, which creates a shortage of accountability and a high risk of fraud (Alvarez, 2025; Hasan, 2020b; Singham, 2003). On the other hand, too strict regulation may prevent even those innovations that are able to modernize the global payment system (Kanu, 2025). Lacking a clear understanding of the 'real use' and its associated market risk factors, stakeholders are forced to navigate through a volatile situation without any reliable maps (Singh & Raza, 2023).

1.3 Research Question

This study analyzes the contrasting characteristics of digital assets by focusing on three main questions:

- What kind of tangible benefits do cryptocurrencies offer to individual participants and the broader electronic economy?
- What structural risks do these assets pose to the continuity of conventional financial institutions and established legal protocols?
- How is fragmented Corporate Governance creating an impact on investors' trust/ confidence and on long-term market protection?

1.4 Research Objectives

Primary Objective:

To analyze the broader impact of cryptocurrencies as a game-changing potential or a challenge to the global financial system.

Specific Objectives:

- To analyze the potential benefits of blockchain technology of cryptocurrencies, i.e., universal access to financial systems, advancement in payment systems, peer-to-peer economic model.
- To identify the main challenges associated with cryptocurrency, i.e., market volatility, risk of cybersecurity, and the possibilities of illegal activities.
- To examine the impact of adopting cryptocurrencies on the basic functions of policy making and to deliver policy recommendations for a balanced regulatory framework, which would be able to maximize opportunities and will be able to turn challenges into opportunities.

1.5 Significance of the Study

This study can be considered crucial in two ways: Academic discussion and Practical policy making, as the study is contributing in both cases. In recent years, we can pursue cryptocurrencies in the digital economic sector as one of the hot topics (Böhme et al., 2015). However, research and opinion on this topic are not one-sided. Some people considered it to be volatile, challenging, and disruptive technology for the financial system (Yermack, 2018), while another group of people takes it into account as an opportunity for a positive change (Catalini & Gans, 2018). By deeply analyzing the dual nature of digital assets, this study wants to give a detailed and coherent idea. From the academic standpoint, this study is meaningful because it presents two important theories linked with cryptocurrencies: the first one is Innovation Diffusion Theory, and the other one is Institutional Theory. These two theories are actually used to smoothly explain the process of adoption of cryptocurrencies. These two structured approaches or frameworks are allowing to look at the inherent features of digital assets in detail, not just in black and

white terms, and also institutional environments that are jointly shaping the perception about cryptocurrencies. Finally, this study advances knowledge on financial innovation, governance, and socio-economic impacts of digital assets (Arner, Barberis, & Buckley, 2017; Miraz et al., 2025). The results of this study also have importance in practical applications. It can be helpful for regulatory bodies, policymakers, and financial institutions, especially when it comes to the question of balancing innovation and stability in the adoption of new technologies. This study deeply examines and identifies in which situations cryptocurrencies are creating opportunities, such as wide access to financial transactions, reduction of the cost of transactions, and helping to grow startups (Catalini & Gans, 2018). It also highlighted in which cases it can create challenges, such as price dynamics, illegal transactions, and limitations of regulatory frameworks (Böhme et al., 2015). The research is particularly significant for emerging economies. In countries where the majority of people are still out of banking facilities and where expatriate income is more important, cryptocurrencies can open new areas of potential (Makarov & Schoar, 2022; Miraz, Hasan, Rekabder, et al., 2022a; Miraz, Ya'u, et al., 2024). But there is also a risk of unregulated use and financial instability (Zetzsche, Arner, & Buckley, 2020). Therefore, this study highlights the need to formulate policies keeping in mind two issues: opportunity and risk. Lastly, this research has created a link between theoretical debates and real situations. It contributes to academic discussion on the one hand, while providing usable insights for policy makers, so that both risks and potential of the digital economy can be equally taken into account.

1.6 Structure of the Report

There are total of five major chapters in this report. Each chapter is organized in such a way that the topic of research can be presented clearly, well-organized, and completely step by step. The structure is briefly outlined below:

Chapter One: Introduction

This section discusses the background of research, problem statement, research question, purpose, and importance of the study. As well as the theoretical basis on which

the research stands and in what context the matter is being analyzed, it is also explained here.

Chapter Two: Literature Review

Here, the previous research and academic work related to cryptocurrencies are analyzed critically. It includes possibilities and risks, topics of corporate governance, comparative perspectives with conventional financial systems, and discussions on recent trends. It is in this chapter that the innovation diffusion theory and institutional theory are introduced as a theoretical framework for research.

Chapter Three: Research Methods

This chapter explains the research design, sources of data, and methods of analysis. The logic and application of the methodology that has been followed to evaluate cryptocurrencies as an opportunity on the one hand and risk on the other is also clearly outlined here.

Chapter Four: Analysis and Discussion

This section presents the research findings, which are explained in light of literary and theoretical perspectives. The possibilities and risks in the adoption of cryptocurrencies have been analyzed in detail, and evaluated how corporate governance can control or influence these effects have been evaluated.

Chapter Five: Conclusions and Recommendations

The main findings of the research are summarized in the last chapter. Also, its contribution to the academic and practical fields is mentioned, and policy recommendations are provided for regulatory agencies, financial institutions, and governments. Also, the possible direction of future research has been given by identifying the limitations of the study.

This well-structured format has been used in the entire study, which made the presentation more reader-friendly, with a logical and transparent flow.

CHAPTER II: LITERATURE REVIEW

2.1 Introduction to Cryptocurrency Literature

The research on the importance of digital currencies alone has undergone a breakthrough in the last decade. Because of the ignorance about this value, it is motivated by skepticism and negative ideas, but over time, it has also been recognized as a medium for advanced and versatile research. Digital assets are considered an important foundation of the modern economy at the present time. Bitcoin was initially thought of by people as a search for a currency. In that context, Yermack (2024) presented a skeptical question about whether Bitcoin has the potential to become a legitimate currency. The main reason for his skepticism was the slowness of transactions and extreme volatility in the market. For this reason, it failed to meet the three criteria regarding currency (unit of account, medium of exchange, and store of savings), which were used as a trading tool. A significant change in the importance of this research can be noted when Bohme and his colleagues called for seeing Bitcoin not just as a currency, but as an intricate "financial technological system (Böhme et al., 2015). Their study also warns about the innovative transparency and security risks of decentralized ledgers. This era gave rise to a 'double narrative', in which the same characteristics of cryptocurrencies create opportunity on the one hand (transparency and decentralization) as well as threat (regulation avoidance and market instability) on the other (Böhme et al., 2015; Miraz, Jin, et al., 2024).

As the ecosystem matures, its literature branches into specialized domains such as decentralized finance (DeFi) and stablecoins. Weingärtner, Fasser, Reis Sá da Costa, and Farkas (2023) provides a critical analysis of DeFi and shows that it can open up finance for everyone, but at times re-creates the same negative behaviors as traditional banking. At the same time, Ferreira (2021) and Srivastava and Jaroliya (2025), examine stablecoin as a bridge between the digital and traditional world and emphasize its systematic risk Beyond numbers and codes, scholars have sought its "human component". Lustig introduces the concept of 'algorithmic authority' or mathematical authority, which explains how faith has now shifted from human institutions to transparent codes. Meanwhile, behavioral finance experts have shown how impulsive trading and

'hardening' (the blind following of others) create the market volatility that defines this sector (Ballis & Verousis, 2022).

Recent contributions indicate that cryptocurrencies are "maturing" as an investable asset class (Kapur, Manohar, Mittal, Jain, & Trivedi, 2024). Research now shows that these assets provide an advantage to diversify institutional portfolios (Attri & Singh, 2025; Fieberg, Liedtke, Metko, & Zaremba, 2023). An overall trend of current literature is reflected through this. The trend to accept cryptocurrencies as an integral and permanent part of the modern financial ecosystem has greatly increased by overcoming its initial skepticism (Krause, 2025; Mungoli, 2023). In short, the existing literature exposes a field that touches on monetary theory, technology, and psychology. It highlights a coherent theme: Cryptocurrency is a double-edged sword. It offers a revolutionary opportunity to restructure the financial system through transparency and inclusion, but it is also a systemic threat that requires strong governance (Kanu, 2025).

2.2 Theoretical Framework

This study mainly emphasizes the two different perspectives of ‘Innovation Diffusion Theory’ and ‘Institutionalism’. In light of this theory, I have tried to discuss the technological innovation of cryptocurrencies, financial exposures, and a potential field.

2.2.1 Innovation Diffusion Theory

Rogers (2003) repeatedly introduced the ‘Innovation Diffusion Theory’, which provides an important framework, describing how revolutionary technologies go from a small range to a one-time global impact. Even so, cryptocurrencies are seen as a prime example of disruptive innovation in the financial sector, directly challenging is the predominant basis for central banking systems (Böhme et al., 2015). It is presented in the light of this theory that there are essentially five major characteristics, and these are: ‘observational ability’, ‘experimental ability’, ‘relative utility’, ‘compatibility’, and ‘complexity’. The reasons for the relative benefits of digital assets are: through their ability to provide services to populations outside the scope of banking services, promises of decentralization, and a reduction in intermediary fees (Mungoli, 2023). As the applied usefulness of this resource

has been shown by early users and technology-minded innovators, in terms of (DeFi) and global trade, cryptocurrencies are increasingly being considered as a huge opportunity for economic democratization and growth.

However, this theory also explains significant obstacles in the process. The inherent complexity of the blockchain architecture, extreme market volatility, and potential for abuse serve as strong barriers to the adoption of this technology at a wider rate (Kanu, 2025; Singh & Raza, 2023) When these barriers outweigh the visible benefits, regulatory agencies and the general public often begin to see this technology as a threat to systemic financial stability (Kanu, 2025). Consequently, the 'Innovation Diffusion Theory' explains the uneven and inconsistent adoption rates observed around the world, reflecting a perpetual tension between technological optimism and cautious fear of the unknown (Ballis & Verousis, 2022).

2.2.2 Institutional Theory

According to institutional theory, the sustainability of any new system depends on institutional legitimacy, transparency of regulatory agencies, and achieving social norms. One can clearly see why the world's response to digital assets is so different when applying this theory to cryptocurrencies. The institutional environment determines whether a digital asset will be hailed as a breakthrough innovation or considered a threat, depending on trust in government, social aspirations, and the associated legislation (Al Nabhani et al., 2025; Nabilou & Prüm, 2019). Cryptocurrencies are only being considered as opportunities in regions with strong institutional structures, an active central bank position, and well-established security regulatory bodies. The legitimacy of this technology depends on these institutions creating a transparent governance path and integrating the Blockchain into the existing financial infrastructure. Cryptocurrencies are seen as a means of economic modernization, agility, and efficiency when considered in this context. Cryptocurrencies are mostly seen as a threat in regions with weak governance structures and divided legal systems. Without proper oversight, these assets can be easily used for purposes such as tax evasion and money laundering (Hasan et al., 2021; Kanu, 2025; Mariani & Homoliak, 2025; Masum et al., 2024). The technology is seen as a direct challenge to the country's monetary sovereignty and financial market

stability. Finally, the institutional theory explains that the threat or opportunity of cryptocurrencies is not only a technological feature, but also depends on the institutional strength of the country in which they are operated.

2.3 Cryptocurrency as an Opportunity

Cryptocurrencies are incrementally seen as a revolutionary force in instructional publications. The use of cryptocurrencies has the capability to reshape financial systems, governance models, and technological composition. While at first studies emphasized more on its hindrance, in the current context, modern scholarship is pointing out these digital assets capabilities, inclusiveness, and their ability to create golden possibilities for structural revolution.

a) **Monetary Innovation and Efficiency:** Cryptocurrencies have invented entirely new approaches to value exchange and management. As Fang et al (2022) have shown, cryptocurrencies offer unique special advantages compared to the traditional systems of the market, such as: convenience of continuous transactions and ease of transacting without a negotiator. It also has a special capability to enable programmable money through smart contracts (Douglas Arner et al., 2020).
b) **The Democratization of Money:** One of the most hopeful developments in this environment is decentralized finance (DeFi). Makarov and Schoar (2022) state that anyone with an internet connection can have the possibility to borrow or invest because DeFi turns down hurdles of access.
c) **Diversification and Development of the Asset Class**: The empirical evidence says that cryptocurrencies are becoming a legitimate and sophisticated asset class. The research of Chakravaram et al. 2021 shows that digital assets provide a clear advantage to diversify the portfolio. This is a major reason for institutional investors to gravitate towards high-growth technological assets (Zarattini et al., 2025).
d) **Scope for Emerging Economies:** The prospective outcomes of cryptocurrencies are extremely deep in the developing world. The research of Chakravaram (2021) on how digital assets can accelerate the remittance process sheds light on this. In

countries where a large number of people are out of banking service, it is possible to bring into the coverage of this service those in which there are huge numbers of people who are out of the cryptocurrency financial incorporation (Mungoli, 2023).

e) **Technological Refinements and Revolutions in Governance:** The impact of Blockchain on both finance and good governance is wide-ranging. The concept of mathematical authority introduced by Lustig (2015) indicates that transparent and unalterable code is now more trustworthy than human institutions, which can make mistakes. It has a special role in opening up new avenues of decentralized decision-making.

f) **Future Research:** Vast areas such as enhancing the capabilities of Blockchain, use of machine learning for cyber security, and market forecasting are recognized by Fang (2022) and Kahaiya (2021), which are exceptionally salient to the long-term reliability of this technology.

Consistent with the persisting literature, cryptocurrency can be executed as a multi-faceted opportunity as a revolution driver, a tool for normalization, new speculation horizons, and a prompt for good governance (Krause, 2025).

2.4 Cryptocurrency as a Challenge

Researchers emphasize that without proper security measures, cryptocurrencies can pose a threat to the stability of currency, investor safety, and the overall global economy. While the transformative potential of digital assets is widely acknowledged, persisting literature simultaneously identifies its significant exposures and disruptive effects.

a) **Volatility and Speculative Risk**: A consistent topic of research is the inherent extreme volatility in digital assets. Yermack (2013) argued at the outset that Bitcoin's price fluctuations prevent it from functioning as a stable currency or store of value. Fang et al;(2022) noted that this market is often regulated by speculative trading, which leaves investors at serious financial loss (Singh et al., 2024b; Zarattini et al., 2025).

b) **Security Vulnerabilities and Illegal Uses**: While the decentralized nature of blockchain is innovative, it creates some security deficiencies. Yermack (2013) mentioned the absence of deposit insurance, which puts users at risk for theft or hacking. In addition, Kumar and Thing; (2025) showed how the use of blockchain aliases is used to conduct illegal activities such as money laundering or 'rug pull' (a type of fraud) (Hossain, 2025).

c) **The Challenge of Deregulation and Governance**: The lack of central supervision is a major concern for researchers. Makarov and Schoar (2022) argue that the unregulated nature of DeFi makes it impossible for governments to apply tax laws and anti-money laundering protocols. If there is no clear governance structure, these measures risk going beyond the reach of the law (Kanu, 2025b; Nabilou & Prüm, 2019).

d) **Threat to Currency Stability:** While stablecoins are designed to reduce volatility, they have created new risks. Arner and others (2020) warned that stablecoins are as vulnerable to a 'run' like traditional banks or sudden collapse, which can spread throughout the economy (Kahya et al., 2021).

e) **Economic Exposures to Emerging Markets**: These ultimatums are more prevalent in progressing countries. With the absence of essential value in cryptocurrencies and the prospective for money laundering posing exposures to national monetary policy, many governments have taken a hard stance on stopping local currency instability (Al Nabhani et al., 2025).

f) **Behavioral and Structural Exposure:** From an inner viewpoint, Balis and Verousis (2022) showed how inclinations such as mindless obedience or being overly optimistic create economic mismanagement. These emotional cycles imperil global financial stability through market collapse.

Consistent with the persisting literature, cryptocurrencies are an insecure and substantial reward field. Digital assets tend to erode investor security, and exposure undermines the economy through a lack of operational omission (Krause, 2025).

2.5 Corporate Governance in Cryptocurrency

2.5.1 Corporate Governance

The operation and authority of a corporation are managed by established, efficient administration. Corporate counselling is a basic system of policy, implementation, and specification. It serves as a stimulant between the inconsistent priorities of various parties, such as capitalists, executive teams, government firms, and the community (Hasan, Hossain, & Rahman, 2014; Hasan, 2020a). Maintaining the integrity of financial statements, protecting the fundamental rights of contributors, and ensuring the long-term success and performance of the corporation are its main objectives (Hasan & Rahman, 2020; Molla, Hasan, Miraz, Azim, & Hossain, 2021). The modern explanation of this concept is much more comprehensive than just the original goal of protecting participants. It currently encloses a broader range of institutional health, including moral conduct, proactive exposure reduction, and social liability. Whether an institution is following the global standard of egalitarianism in addition to meeting legal commitments ensures reliable good governance. The structure reduces the knowledge gap between core executives and outsiders in an organization by holding down chances for self-regarding behavior and restoring trust in corporate operations. In the current economic context, efficient administration is seen not only as an obligatory rule but also as a deliberate asset that increases the conflict and stability of an institution (Krause, 2025; Molla et al., 2021).

2.5.2 Corporate Governance as a Mechanism for Transparency and Accountability

Powerful corporate governance is basically the main driver of transparency and responsibility in modern corporations. It's a matter of adjustment and making sure that all stakeholders have the right details at the right time and know what is actually occurring. Apart from that, it makes leadership understandable for acting in the best interest of shareholders and the public. These two pillars together establish the essential "social contract" and foundation of trust between a corporation and the global financial environment. Successful good governance to implement these values depends on certain internal structures, such as an independent board of directors, strict audit committees,

and impartial monitoring organizations. These entities act as a "checks and balances" or balancing mechanism that oversees the functions of executive officers and reduces opportunities for self-interested behavior. Think of corporate governance as a bridge to overcome the lack of trust between people inside the company and outside investors. By applying strict accounting standards and ensuring accurate revelation of information by making sure the same rules are followed for everyone. Having real data increases investors' confidence in the market (Arner et al., 2021; Hasan et al., 2014; Hasan, 2020c). Responsibility is reinforced when an institution aligns the responsibilities of directors with the long period of time goals of the company. The use of tools such as competency-based pay structures, the opportunity for shareholders to have a genuine opinion, and keeping a close eye on the rules is expressed by it. Directors are genuinely in control of their strategic decisions. Taking action acts as a shield protecting the institution from fraud, spoofing, and propaganda, which is one of its main functions (Böhme et al., 2015; Makarov & Schoar, 2022). Finally, strong governance is an essential safeguard to compel institutions to act with incorruptibility and clarity . Not just any checklist for persistence in either conventional business or the digital marketplace, but by encompassing these principles into frequent operations, creates a reliability and stability of good governance that is crucial to survival.

2.5.3 The Nexus Between Corporate Governance and Cryptocurrency

Corporate governance in cryptocurrency is characterized by segregation, computational authority, and a prototype that diverges from traditional financial oversight. While these structures encourage clarity and revolution, they also describe exposures of fragmentation, concentration, and legislative gaps. The research recommends that supportable governance will require hybrid approaches that conserve decentralization while ensuring liability, reliability, and consumer advocacy. The greater inclusion of digital assets with the mainstream financial system has played a key role in why it is becoming necessary for corporate governance and cryptocurrencies to interact (Yermack, 2017). The effect of institutional good governance on the structure and management of cryptocurrencies is becoming more clearly apparent at present, with growth in funding for

digital assets. Traditional corporations with specific and clear liabilities to the board of executive leadership, equity holders, and authorities are typically run through a well-organized and planned governance structure. But the topic is being pushed in a different direction when it comes to cryptocurrencies (Hsieh, Vergne, Anderson, Lakhani, & Reitzig, 2018; Miraz, Hasan, Rekabder, et al., 2022a; Miraz, Hasan, Sumi, et al., 2022; Miraz, Mohd Sharif, et al., 2020). The role of good governance is especially seen at various levels in the cryptocurrency market. The principle of corporate governance plays an important role in protecting investors' assets, ensuring fair dealing, and maintaining clarity of information at the exchange stage (Das & Guharay, 2024; Miraz, Saleheen, et al., 2022). Incidents such as exchange fraud, hacking, and market manipulation, which in many cases have undermined investor confidence, are mainly due to poor governance in the past. Here, the members of the network ensure the authenticity of transactions at a direct protocol level through an integrated process in blockchain. At the same time, decentralized autonomous organizations (DAOs) have a special role to play in strengthening this regime (Beck et al., 2018). These methods of making decisions based on code and mathematical logic are an excellent example of a largely rule-based system of governance. There is often a fear of power being concentrated in the hands of miners, validators, or large token owners, which can hinder everyone's equal participation (Atzori, 2017).

Currently, the importance of good governance in the regulatory system for cryptocurrencies is increasing day by day. Governments and large financial institutions are now realizing how essential a strong governance structure is if digital assets are to be integrated into traditional finance (Arner, Auer, & Frost, 2020; Miraz et al., 2025). In fact, good governance serves as both security and potential here. This can reduce major risks such as money laundering or tax evasion, which undermine financial stability. It creates a safe environment in which new innovations are possible, banking is easier for the common man, and sending money abroad becomes safer and easier. Only if the law is clear and policymakers are accountable will investor confidence grow, and the entire financial system strengthen. The close relationship between corporate governance and cryptocurrencies and their structural features is summarized below:

a) **Decentralized Governance Structure:** The administrative system of Bitcoin does not have control over any particular organization. All its activities are carried out through the joint participation and opinion of developers, miners, and general users. The great advantage of this system is the unfettered opportunity for clarity and innovation. But slow decision-making is one of its biggest obstacles. The decision to change the rules or technological development of the network has to be taken with everyone's input. Everyone's opinions are different, so this process is very time-consuming, and the main reason that decision implementation is delayed.

b) **Trust in Algorithmic Authority and Code:** Users generally have more trust in transparent codes and consensus processes than in traditional organizations. This means that the governance of cryptocurrencies is not only a matter of technical structure; it is also linked to people's notions of trust and legitimacy. Although human judgment is important for trusting algorithms, it shows a big change. People are now leaning more towards transparent and rules-based decentralized systems instead of central control.

c) **Good Governance in Decentralized Finance (DeFi):** Research on governance in DeFi suggests that new types of risk can be created due to decentralized autonomous organizations (DAOs) and validator-based systems (Zetzsche et al., 2020). Although the DeFi platforms talk about a democratic decision. In reality, there is wealth being taken over by a handful of people, and they are trying to make an extra profit. The scope of legal protection is very small, and no one's liability can be assured due to the anonymity of users. For this reason, the entire financial system is at risk, and users' security is threatened.

d) **Stablecoin Good Governance and Control:** The issue of stablecoin governance is very important, especially in terms of asset support, transparency, and compliance with regulatory rules. Stablecoins are generally of three types. Fiat-supported, crypto-collateralized, and algorithmic, and each has some advantages and limitations (Arner et al., 2020; Miraz et al., 2025). Fiat-supported stablecoin is relatively stable, but it depends on the central organization. Algorithmic models, on the other hand, attempt to decentralize, but their effectiveness is not yet fully

proven. Stablecoin's governance structure has a direct impact on its stability, acceptance, and compliance with the regulatory system.

e) **Comparative Approach to Traditional Governance:** Regulatory oversight, legal liability, and enforceable rules are managed through the accountability framework of conventional financial arrangements (Hanna, 2020). But no such institutional liability is taken into account when it comes to cryptocurrencies. Decisions here are made based on community consensus, computational rules, and voluntary participation. Cryptocurrencies are challenging the governance structures of traditional financial frameworks, which raises new questions about the system of financial governance and regulation.

f) **Emerging Governance Model:** There are a few potential ways to improve governance in the cryptocurrency network, according to researchers. The sanctioned Blockchain system, where decentralization as well as accountability are ensured, is an approach known as the hybrid model (Hanna, 2020). Compliance monitoring from within the network by adding an oversight system inside the distributed ledger is another method of trying to reduce market instability and keep decentralization's core features intact through a continuous computational stabilization process. Community-based frameworks like the DAO play a vital role in creating opportunities for collective decision-making, yet there needs to be safeguards against centralization of power aimed at ensuring fair participation by all.

Some of the special features of cryptocurrency governance are absent from traditional financial supervision systems. For example: making experimental models, computational authority, and decentralization. Despite the ability of these structures to encourage efficiency and innovation, the risks regarding the centralization of powers and the limitation of regulatory bodies are also significant. A model that ensures customer protection, accountability, and stability while maintaining decentralization has emerged in this discussion.

2.6 Comparative Analysis between Cryptocurrency and Traditional Financial Systems

The connection between digital assets and conventional monetary frameworks (TradFi) has been uniformly portrayed in the scholarly research as a study of fundamental contrasts. This comparison is critical for identifying how digital assets are disrupting or improving established monetary theory, regulatory standards, and financial stability.

a. **Currency Functions and Financial Theory**: The basic study of Yermack (2013/2015) examines Bitcoin in terms of the traditional function of money: as a medium of exchange, unit of account, and store of value. These studies have concluded that cryptocurrencies largely fail to succeed as money, due to their extreme volatility and lack of government support. In contrast, fiat currencies or conventional coins benefit from their 'legal tender' status and the institutional basis of central banks, which provide a level of predictability that digital assets do not currently have (Peters et al., 2015).
b. **Payment System and Transaction Skills**: TradFi also relies on "trusted intermediaries" models— such as banks and clearinghouses, which, while ensuring customer protection, often cause slowdowns and high fees provides a peer-to-peer alternative to cryptocurrencies. Arner et al. (2021) argue that it can significantly improve cross-border transactions through stablecoins and "programmable money". While traditional finance is built on systemic reliability, crypto prioritizes technical expertise. For this reason, it often bypasses the security hooks that protect users in traditional banking.
c. **Governance and Control**: Governance in the traditional economy is centralized and hierarchical, with clear accountability to regulatory bodies. In contrast, the governance of cryptocurrencies is fragmented and relies on decentralized consensus and "algorithmic authority" (Böhme et al., 2015). Makarov and Schoar (2022) Note that although this decentralization prevents the risk of failure in a particular place, it also brings back market inefficiencies to new levels, where there is a lack of legal remedies usually available in regulated institutions.

d. **Stability and Risk Management**: TradFi is protected by central bank intervention, deposit insurance, and the "lender of last resort" approach. However, cryptocurrencies lack such stability, which makes them susceptible to speculative bubbles and hacking risks (IMF, 2018). Even stablecoins, which attempt to announce this gap, also create risks such as "collateral runs" and the use of loopholes in regulatory systems, which essentially undermine the balance or trade-off that exists between full decentralization and systemic security (Kahya et al., 2021).
e. **Development of Investment and Asset Classes**: Traditional assets such as stocks and bonds have well-established valuation models (such as CAPM). However, Chakrabaram et al (2021/2025) and arXiv (2026) have shown that cryptocurrencies are emerging as a unique asset class with various 'stylized facts' or special characteristics, such as extreme price fluctuations and public impulse-driven dynamics. While these offer the advantage of diversifying into portfolios, the lack of a well-defined valuation structure makes them distinct from the mature oversight systems in the traditional market.
f. **Behavioral Dynamics**: Investor psychology plays a role in both sectors, but its impact is much stronger in the digital field. (Ballis & Verousis, 2022) has shown that hardening behavior, blindly following others in the crypto market, and fear of losing or FOMO are significantly more intense; this is because the market is open 24/7, and high profits are lost. There is no institutional "circuit breaker" here like in traditional finance (TradFi). For this reason, the crypto market reacts mainly based on pure public sentiment and psychological bias.

Persisting research on the future potential of financing is indicated by a hybrid or blended model. This (bidirectional convergence) is under which traditional banks are adopting Blockchain infrastructure to increase productivity in transaction settlement. On the other hand, it's crypto platforms that are adopting traditional financing (TradFi) regulation and accountability standards. These hybrid frameworks have synthesized the clarity of Blockchain with the reliability and stability of institutions that were founded to deliver "the best of both worlds" for the international marketplace.

2.7 Current Trends and Future Directions

The focus of the researchers' discussion is currently on the integration and application of cryptocurrencies to the global financial framework, which was initially discussed regarding its legalization. In the current context, it is defining a move beyond all speculation and imagination towards technological maturity, institutionalization, and practical usefulness.

- **Conversion to Institutional Asset Class:** The empirical studies of 2025 and 2026 highlight that cryptocurrencies have overcome their "outlier" or exceptional status. The research of Chakrabharm et al (2025) and Grayscale (2026) shows that digital assets are now managed based on well-established factor structures, especially size, momentum, and value. Furthermore, the introduction of Spot ETF and Bitcoin's inclusion in corporate treasury have solidified it as a long-term and profit-producing asset. This maturity is characterized by a "volatility regime shift" or volatility reversal, in which price fluctuations are not only driven by retail investors, but also by macroeconomic liquidity and institutional needs (Straub et al., 2026).
- **Professionalization of DeFi (DeFi 2.0):** DeFi is no longer limited to "field farming", but it is being driven towards the tokenization of Real-World Assets (RWA). The reports of Makarov and Schoar (2022–2026) indicate that investors can now invest in government bonds, real estate, and on-chain versions of commodities. There is currently a growing trend towards 'Liquid Staking' and 'Restacking', which gives users the opportunity to secure networks while maintaining liquidity. The goal of this "professionalization" of DeFi is to reduce unnecessary costs (rent extraction) and increase transparency through AI-driven risk modeling.
- **Regulatory Coordination and CBDC:** By 2026, the gap between decentralized finance and traditional legal frameworks will have been significantly reduced. Good governance is no longer confined to "code as law" or mathematical rules, but it is also incorporating "embedded supervision" or a monitoring system directly within the protocols. This change ensures that digital assets can co-exist with the central bank's digital currency (CBDC), which will create a more secure and regulated global financial environment.

- **The Rise of AI and Machine Learning in Trading:** Technology-driven trading has now reached a new horizon. Fang et al. (2022) mentioned the growth of algorithmic models, but by 2026, AI-powered trading engines had become industry standard. The top exchanges are now deploying autonomous AI agents that automatically manage portfolios and can detect fraud in real-time. These systems use machine learning to analyze large datasets and predict price fluctuations with unprecedented accuracy. In addition, "gasless" transaction models have made high-frequency trading accessible to a much larger population
- **Behavioral Finance in the Age of AI:** The works of Balis and Verosys (2022) are still considered as the basis, but this field is now researching a new "automation bias" or bias towards automation. This is the tendency for investors to be over-reliant on AI-powered platforms. The 2025/2026 studies indicate that, although traditional biases such as hardening and FOMO still influence the market cycle, they have now multiplied through social media sentiment analysis and AI-driven 'sentiment loops' further.
- **Regulatory and Good Governance Implementation**: The focus now is more on enforcing the rules than just making them. The implementation of the MiCA framework in Europe and the GENIUS Act in the United States has now brought digital assets under extensive prudential or precautionary measures. Future governance models are looking to include "embedded supervision" or direct oversight and regulation within blockchain code. There is also a growing tendency towards the hybrid DAO, which balances decentralized franchise and professional accountability.
- **Emerging Research:** Scalability and Forensic Tools technical research is now moving towards a Layer-2 and Modular Blockchain architecture to solve the scalability trilemma. The research of Kumar and Thing (2025) and new innovations have opened a new horizon in transaction identification, enabling law enforcement agencies to identify illegal payments with more than 98% accuracy. Forensic tools and network interoperability are considered to make this environment safe for use by the general public.

Finally, the picture that is being presented by persisting research towards the conceptual to applied implementation. The synthesis of artificial intelligence (AI), institutional capital, and regulatory transparency suggests that cryptocurrencies have become an enduring and essential level in the global financial infrastructure despite the hurdles to their good governance and structural exposure still persisting.

2.8 Conclusion of the Literature Review

This synthesis of research on cryptocurrencies in creating maturity in step with technology illustrates a dynamic and multifaceted narrative. Bitcoin, according to Yermack (2024) was originally judged by the strict criteria for functionalities of traditional currencies during basic, skeptical initial academic explorations. Even so, as this network evolved, the discussion turned around. The basic structure of the world economy is also being challenged as cryptocurrencies are now recognized as complex "earth-technological systems" (Böhme et al., 2015). A clear dichotomy is observed here, depending on how these resources are viewed in the existing literature:

As an Opportunity: The research aimed at assisting the diversification of individual portfolios, emphasizing the potential for radical financial inclusion, democratization of capital through DeFi, and introducing a new institutional-standard asset class (Chakravaram et al., 2021). The emerging economies have been identified as the primary recipients of this efficiency in cross-border remittances and decentralized governance (Mungoli, 2023).

As a Threat: Conversely the researchers are particularly wary of systemic risks arising from extreme instability, lack of consumer protection, and potential use in illegal activities (Kumar et al., 2025). The lack of governance in decentralized protocols is often cited as a barrier to market instability and exacerbating regulatory gaps (Makarov & Schoar, 2022).

Governance as the Moderating Force: Corporate governance acts as a bridge between two outcomes (potential and risk) in this review. Traditional governance found in traditional finance (TradFi) provides stability and trust, while the blockchain's transparency and

autonomy provide computational authority (Lustig & Nardi, 2015; Miraz, Mohd Sharif, et al., 2020; Miraz, Saleheen, et al., 2022). The realization from research on the long-term survival of digital assets relies on a mixed composition, incorporating traditional accountability and regulatory upholding within decentralized protocols to alleviate risk without stifling innovation (Arner et al., 2020; Kanu, 2025).

This discussion will be firmly entrenched in the institutional era no later than 2026. Regulation is no longer seen as a threat, but rather a stimulant for growth, thanks to the introduction of comprehensive frameworks such as MiCA in Europe and Clarity Acts in the US. The integration of AI and the asset fractionalization of physical assets (RWA) to monitor risk in real time are key factors behind cryptocurrencies becoming a permanent and integral part of the global financial infrastructure. In short, this literature review is of great importance to provide the theoretical basis for later chapters. Although this technology is inherently revolutionary, its ultimate success will be determined by a balance between technological autonomy and strong and reliable administration.

CHAPTER III: RESEARCH METHODOLOGY

3.1 Methodological Framework

The main theme of this chapter is to present the procedural structural configuration adopted in this study. The aim of this study is to appraise cryptocurrencies concurrently in terms of both their threats and potential. The current state of the government of Bangladesh has been compared with the international experience through a systematic analysis of previous studies. The preliminary procedure, the PRISMA method, has been used as a guide for the selection and presentation of literature with the aim of ensuring transparency, clarity, and reproducibility of research. This research followed a clear and consistent process of identifying the respective studies, primarily selecting them, verifying their quality, and finally including them through the use of the PRISMA method. For this reason, various perspectives related to cryptocurrencies could be appropriately presented (Böhme et al., 2015; Fang et al., 2022). It has been evaluated in the context of Bangladesh's institutional arrangement based on the results obtained from this systematic examination. These issues have been analyzed especially based on the Prevention of Money Laundering Act; 2012 Bangladesh Bank Regulations, and guidelines of the Bangladesh Securities and Exchange Commission.

3.2 Research Design and Approach

The study is based on a systematic review of existing scholarly works, following a descriptive-methodical research design. Its primary goal is to evaluate the bifurcated nature of cryptocurrencies. That is, analyze them together as a paradigm-shifting opportunity and highlight the possibilities of a potential threat. In this process, the results of international research have been compared with the specific governmental environment in Bangladesh. Research transparency, impartiality, and reproducibility are ensured by following the PRISMA structural configuration in the selection of literature and testing (Page et al., 2021; Polanin, Hennessy, & Tsuji, 2020). A systematic study has three steps:

- **Identification and Acquisition**: Data for the research have been collected from accredited academic journals, institutional reports, and government policy documents. Essential topics such as cryptocurrencies, blockchain, decentralized finance (DeFi), stablecoin, regulation, and governance are targeted in this search process (Böhme et al., 2015; Fang et al., 2022).
- **Categorical Mapping**: The 57 selected references are presented in two separate thematic sections. The first part discussed the potential benefits of cryptocurrencies, including financial inclusion, technological innovation, and increased effectiveness of remittance processes (Cassella et al., 2025; Chakravaram et al., 2021; Mungoli, 2023). The second part discussed the risk aspects of cryptocurrencies, including market fluctuations, potential for illegal use, and restrictions on regulation and governance (Kumar et al., 2025; Makarov & Schoar, 2022; Yermack, 2013).
- **Institutional Contextualization**: Finally, these insights obtained globally have been compared with the internal institutional structure of Bangladesh. These include a detailed review of the Prevention of Money Laundering Act; (2012), **Bangladesh Bank Circular, and guidelines from the Bangladesh Securities and Exchange Commission (BSEC)**. The motive of this step is to identify where international trends, such as subject-oriented authority, are in conflict with or complementary to local legal guidelines.

The research has been structured in this way to bridge the discrepancy between international perspectives and Bangladesh's real governmental situation. This comprehensive design will provide a solid basis for subsequent chapters, understanding that these dualities opportunities and threats) have been thoroughly examined with the aim of providing effective policy recommendations (Ballis & Verousis, 2022; Kanu, 2025; Krause, 2025).

3.3 Application of the PRISMA Technique

The PRISMA method has been used to keep the research explicit and systematic. It streamlines the process of selecting literature with a view to reducing individual subjective

predisposition and making included studies comprehensive and easily verifiable. In this study, the implementation of PRISMA followed four steps:

3.3.1 Identification

In the initial phase, the words cryptocurrency, stablecoin, Blockchain, decentralized finance (DeFi), good governance, and regulation have been used for strategic coordination in the early stages of the Web of Science, Scopus, IMF, SSRN, and leading academic databases such as the Bank for International Settlements (BIS) and World Bank. Preliminary legal documents, such as the Prevention of Money Laundering Act 2012 and Bangladesh Bank's Official Circulars, have also been included to align research with local realities.

3.3.2 Filtration

The dataset has been refined by truncating irrelevant information from the initial findings of the research and documents that do not have sufficient thesis depth. A special exclusion policy (Omission Parameter) has been followed here—That is, technical papers that dealt only with the coding or engineering aspect of blockchain but did not discuss any of its wider economic, governmental policies, or good governance implications were excluded from this study. Only those papers that can play a direct role in the socio-economic impact of cryptocurrencies are selected for final analysis.

3.3.3 Eligibility Check

The relevance of the remaining articles has been critically examined in the next phase of research. Here is a selection of only those studies that provide useful insights into the use of cryptocurrencies, accessibility to financial services, market volatility, or government policy challenges in the context of developing countries. At this stage, works that are unfounded or have only theoretical discussion are excluded; in particular, those reports which do not correspond to the actual situation of Bangladesh are removed from the final list.

3.3.4 Final Selection and Evidence Mapping

A total of 48 peer-reviewed research papers and high-level institutional reports have been selected at the end of an orderly and rigorous selection process. These informative

documents are the main basis of the current research, which is mainly organized into two major lines:

- **Potentials and Opportunities**: Providing financial services to a large population that is outside of traditional banking services, revolutionizing the payment system, and creating diversification in investment are identified as one of the important positive aspects of this research (Cassella et al., 2025; Chakravaram et al., 2021).
- **Risks and Threats:** On the other hand, fears of illegal transactions, lack of effective controls in decentralized systems, and limitations on overall management and accountability have been seen as major challenges. These problems are mainly manifested as massive deficiencies in governance (Kumar et al., 2025; Makarov & Schoar, 2022).

3.4 Literature Mapping Process

The 48 selected papers have been divided into different thematic categories using the PRISMA method, with a view to ensuring a well-organized and systematic analysis. The main purpose of this classification process is to collect common ideas around the world and arrange them according to their impact on financial systems, good governance, and government structures. This particular approach has been particularly helpful in deeply assessing the key aspects of cryptocurrency adoption and its relevance in the context of Bangladesh. The results obtained through the two main reviews are given below:

Possibilities and Opportunities: The papers in this section mainly highlight the potential for economic growth and the modernization of financial systems through digital assets. The main topics of discussion are:

- **Financial Inclusion:** Delivering accessible and secure digital financial services to those in developing countries who are outside the traditional banking service (Demirguc-Kunt et al., 2018; El Hajj & Farran, 2024).
- **Optimization of Transactions:** Facilitating cross-border money transfers with the aim of making transactions more efficient and reducing the cost and time of business payments (Cassella et al., 2025).

- **The Use of Blockchains:** For smart contracts and accessibility in institutional portfolios as a new investment category (Chakravaram et al., 2021).

Threats: Conversely, a large number of studies have pointed to systemic risks that require robust oversight. Its main themes are:

- **Market Volatility and Stability:** The risk of major price changes and sudden capital outflows, which can affect the stability of the financial system (Yermack, 2015).
- **Illegal Use**: Systems with access to anonymous identities can sometimes be used in criminal activities such as money laundering, financing terrorism, or ransomware (Kumar et al., 2025) (Prevention of Money Laundering Act, 2012).
- **Lack of Good Governance:** The risk posed by the limitation of controls in decentralized systems and not having adequate legal protections for consumers (Badawi & Jourdan, 2020; Makarov & Schoar, 2022).

The studies have been analyzed to different degrees according to their contribution. The method of research (qualitative, quantitative, or mixed), geographical range, and its relevance for developing economies are taken into account at this time. Special attention has been given to those studies that have discussed institutional and regulatory issues, as these are directly related to the reality of Bangladesh. The results of the study have been compared with three main measures to verify compliance with the regulatory structure in the country. The Anti-Money Laundering Act prohibits secret transactions and insists on ensuring financial transparency. Bangladesh Bank regulations currently interdict cryptocurrency transactions and storage, largely due to concerns about financial stability. Similarly, speculators have been warned about the protection and threats of unrestricted digital assets as per the guidelines of the Bangladesh Securities and Exchange Commission.

3.5 Comparative Analytical Framework

The relative methodical structural configuration undertaken in this study is designed to appraise the duality of cryptocurrencies by highlighting the contrast between

Bangladesh's governmental position and international data. The studies have been divided into two categories. This structure is based on the literature categorization process described earlier. By presenting the two topics of opportunity and threat, it is systematically compared with the institutional and governmental environment of Bangladesh by explaining the categories. The process is structured in three steps.

First, international outcomes are synthesized in two dimensions: opportunity (such as financial accessibility, creative disruption in payment systems, portfolio variance, and remittance optimization) and threat (such as price instability, illicit exploitation, distributed governance of governance, and structural threat.

Second, they have been aligned with the regulatory framework of Bangladesh to verify their relevance.

Third, convergence and divergence of global and local contexts have been identified to identify policy or policy gaps and potential adoption pathways.

To ensure local relevance, the mapped results have been compared with three major regulatory frameworks in Bangladesh:

- **The Anti-Money Laundering Act** prohibits anonymous transactions and emphasizes maintaining financial transparency. The law criminalizes activities such as money laundering and financing of terrorism, thereby limiting the use of cryptocurrencies in financial transactions (Money Laundering Prevention Act, 2012; Bangladesh Financial Intelligence Unit).
- Buying and holding cryptocurrency is not allowed as per the provisions of the **Bangladesh Bank**. The 2014 and 2017 directives said that virtual currency is not recognized as a valid currency, which may pose risks to the stability of the financial system. If these rules are not followed, there is a possibility of taking legal action under the Foreign Exchange Control Act.
- **The Bangladesh Securities and Exchange Commission** has warned about the risks of investing in unregulated digital assets and put emphasis on investor protection. Investing outside of the regulated system can be a threat and has the

potential for financial loss or deception; this topic is stated in the guidelines of the Bangladesh Securities and Exchange Commission. Therefore, it is advised to be careful when investing in cryptocurrencies (as per the directives of 2020 and 2021).

The similarities and differences between international research and the current state of Bangladesh help in analyzing this relative research structure. International concerns regarding market price instability and threats of illegal use are consistent with the current restrictions in Bangladesh. Due to the extensive restrictions on cryptocurrencies, it is still not possible to fully exploit the opportunities in Bangladesh in terms of opportunities for increasing the optimization of financial accessibility and remittance systems. This structural configuration creates a balanced basis through comparisons of international information and local policies to help understand whether cryptocurrency will bring more threat to the economy of Bangladesh or potential.

3.6 Triangulation of Findings

In the first stage, data have been collected from international journals, legal documents, and economic reports for the period between 2024 and 2026. Here, the comparative initial concept is mainly developed between global crypto-trends and the guidelines of the Central Bank of Bangladesh. The second step analyzes extracts from 57 selected research papers to see exactly where there are gaps between technical excellence and local legal frameworks (Kanu, 2025a; Krause, 2025). This step identifies the conflicting aspects between 'algorithmic authority' and traditional surveillance by our domestic regulatory agencies. The dual nature (opportunities and risks) of cryptocurrencies has been evaluated based on the data obtained in the final step. This highlights the need for a 'Hybrid Governance' model, which can be helpful in managing digital assets within the context of Bangladesh. This exam follows a continuous process of three steps:

- **International Thematic Synthesis:** The results of international research are summarized in the main idea. In case of opportunities, it can create the potential for institutional development and capacity building (Chakravaram et al., 2021), increase stablecoin-driven remittance optimization (Cassella et al., 2025), and play

a role in decentralized finance (DeFi) in financial accessibility (Mungoli, 2023). Conversely, threats have been analyzed in the light of extreme price instability (Yermack, 2015), structural threat to mathematical assets (Makarov & Schoar, 2022), and evolution of AI-driven crypto-crime (Palo Alto Unit 42,226; (Kumar et al., 2025).

- **Governmental Synthesis:** Bangladesh Bank has issued various regulations in 2014 and 2017 to prevent money laundering and protect the interests of speculators. Bangladesh Securities and Exchange Commission has issued some guidelines in 2020 and 2021 to reduce threats, increase market transparency, and enhance speculator trust.
- **Discrepancy and Pathway Discovery**: Similarities and differences between international experience and the current state of Bangladesh have been analyzed in the last step. Concerns such as financial stability and deception prevention are relevant both internationally and locally. The possibilities of digital banking coordination and cross-border money transactions that can create opportunities for development in the future have not yet been fully exploited. Specific barriers to the adoption of cryptocurrencies and possible legal avenues for future accessibility are identified through this topic.

3.7 Operational Definition of Concepts

For the motive of this research, practical definitions of the following concepts are provided to maintain methodical accuracy and establish the evaluation of digital assets on the basis of coherent terminologies. These definitions serve as the "logical parameters" for the thematic mapping of the 57 core references and the subsequent comparative analysis.

Opportunities

In this study, "Opportunities" are defined as the measurable or observable positive impacts of cryptocurrency adoption on an economic system. Drawing from (Cassella et al., 2025) and (Mungoli, 2023) these specifically include:

- **Financial Inclusion:** The ability of Blockchain-based services that can increase opportunities for people to participate in digital financial systems outside of the banking facility, where there may be less need for conventional collateral.
- **Innovation in Payment Systems:** The ability to settle transactions quickly and automatically through smart contracts and distributed laser technology, which can make the payment system more effective.
- **Investment Diversification:** The role of cryptos is seen as an asset class that has relatively little relationship with the market, so they can make investment portfolios more balanced in some cases (Chakravaram et al., 2021).
- **Improvement of Remittance Systems:** The cost and time of sending international money can be reduced as the role of intermediaries is reduced, which can play a positive role for developing countries' economies.

Threats

"Threats" refer to the systemic, operational, or legal risks inherent in the decentralized nature of digital assets. Based on the frameworks established by Yermack (2015) and Makarov & Schoar (2022), these include:

- **Market Volatility**: Extreme price fluctuations that undermine the "store of value" function and pose risks to retail investors and broader monetary stability (Kumar et al., 2025).
- **Illicit Activities**: The exploitation of pseudo-anonymous networks for money laundering, terror financing, or ransomware settlement (Kumar et al., 2025).
- **Governance Fragmentation**: The lack of a central accountable entity or "lender of last resort," leading to technical vulnerabilities in DeFi protocols.
- **Regulatory Ambiguity**: Statutory void is created when technology exceeds the existing structural configuration, which mainly leads to judicial administrative ambiguity due to governmental ambiguity.

Regulatory Stance

The "Regulatory Stance" is the formal institutional position adopted by the Government of Bangladesh, which can be implemented through governmental positions. It is mainly

defined through commitments to sanctions and threat mitigation, which are enshrined in the following regulations:

- Identity verification is obligatory in financial transactions, and pseudonymous transactions are interdicted as per the Prevention of Money Laundering Act (2012), to ensure financial transparency.
- Bangladesh Bank has declined cryptocurrencies as a valid currency, citing the possibility of taking legal action in case of unauthorized transactions.
- The Bangladesh Securities and Exchange Commission has discouraged such activities to protect speculators and warned of the threats of unrestricted digital assets.

Relative Examination

A well-organized parallel analysis process has been analyzed by relative tests. International trends such as mainstream adoption and stablecoin control of 2026 are included in this, which directly contradict the strict laws of Bangladesh. This process is mainly designed to identify two extremes: Uniformity (local laws successfully deal with international threats) and difference (local restrictions hindering the implementation of international opportunities).

CHAPTER IV: FINDINGS & ANALYSIS

4.1 Brief Review of Chapter

This chapter presents the results of a structured literature review on cryptocurrencies, conducted using the PRISMA framework. The purpose is twofold: first, to organize global research on cryptocurrencies from the perspectives of opportunities and risks; and second, to compare these international findings with Bangladesh's current regulatory environment. The thematic organization highlights both sides of cryptocurrency adoption. On the positive side, opportunities such as financial inclusion, greater efficiency in remittance transactions, and the growth of fintech innovation demonstrate the transformative potential of digital assets (Cassella et al., 2025; Chakravaram et al., 2021). On the negative side, challenges such as price volatility, illegal financial activities, and systemic vulnerabilities reveal significant risks. These opportunities and risks are then examined against Bangladesh's regulatory framework, including the Anti-Money Laundering Act (2012), circulars issued by Bangladesh Bank, and guidelines from the Bangladesh Securities and Exchange Commission (BSEC). The comparative analysis identifies areas of alignment as well as divergence between international research and Bangladesh's institutional reality. Ultimately, the findings clarify how global debates intersect with local regulatory practices, and they provide the foundation for the next chapter, where these issues will be explored in greater depth within the context of Bangladesh's financial system and policy environment (Kanu, 2025a; Krause, 2026).

4.2 Opportunities in Global Review

Research indicates that cryptocurrencies have brought notable changes in the financial sector. These digital assets create opportunities to reshape traditional financial systems, which can be particularly important for developing economies. Several institutional reports have repeatedly highlighted certain possibilities, outlined below:

- **Financial Inclusion:** A large number of people remain outside conventional banking services, and cryptocurrencies can provide them with access to financial

facilities. By reducing reliance on traditional banking infrastructure, digital platforms are able to deliver services to ordinary people in a simple and low-cost manner. This is especially effective in remote or underserved areas where banking facilities are limited, and transactions are difficult (Böhme et al., 2015b; Yermack, 2013).

- **Innovation in Payment Systems**: The development of blockchain technology enables faster transactions, making them more cost-efficient and transparent. Blockchain reduces processing costs for both international and domestic payments, which increases the speed and efficiency of settlements and ultimately makes everyday financial activities easier and more convenient (Douglas Arner et al., 2020).
- **New Ways of Investing:** The cryptocurrencies are now gaining popularity as a possible alternative investment medium. It is emerging as an alternative to traditional investments. Where there are only a few different investment opportunities, these digital assets can help investors diversify portfolios and reduce risk (Chakravaram et al., 2021).
- **Easy Way to Send Remittances:** The use of cryptocurrencies to provide international remittances has the potential to be brought into the country at a lower cost and faster than the money sent by expatriates, which gives advantages in some cases over the existing traditional methods. We all know that remittances play an important role in the economies of every developing country; initiatives designed to manage this sector more effectively need to be taken as soon as possible to take advantage of it (Fang et al., 2022).
- **Developments in the Startup and Fintech Sector:** Areas of innovation and opening up different types of business opportunities for entrepreneurs are being created because of the use of cryptocurrency and blockchain technology. This opens new opportunities for decentralized finance (DeFi). Where tokenization and digital payment systems have played an important part in building the fintech or financial technology sector (Makarov & Schoar, 2022; Miraz, Hasan, Masum, et al., 2020; Miraz, Hasan, Sumi, Sarkar, & Majumder, 2020a, 2020b).

It is clearly shown from the global research that cryptocurrencies are not just an asset that has been created only based on speculation; they are a tool for introducing financial innovation through the inclusion of current technology used to develop new financial services. Effective use of these opportunities could bring about the modernization and stabilization of the economy. Therefore, to ensure a successful implementation of these financial innovations, it's need to be a comprehensive regulatory framework formulated that will simultaneously encourage new innovations and play a crucial role in managing overall risk. This issue will be discussed in detail in the following paragraph.

4.3 Risks Arising from Global Literature

The research suggests that while there is so many potentials with cryptocurrencies, there are also a number of risks linked with it. Particularly, emerging economies have a higher risk of experiencing adverse effects on their financial system. For this reason, in a generally volatile market, the major issues that have repeatedly emerged from various studies and reports are:

- **Market Volatility**: The value of cryptocurrencies is very dynamic as it is always fluctuating. This price volatility leads to uncertainty about their roles as either a stable store of wealth or an acceptable method of making transactions. Many investors have suffered financial losses due to the big change in the market, which has somewhat limited its wide acceptance and use in the mainstream economy (Ballis & Verousis, 2022; Yermack, 2013).
- **Illegal Financial Activities**: There is a huge risk of money laundering, terrorist financing, and financial fraud by exploiting the opportunity to use privacy and pseudonyms in cryptocurrency-based transactions. With the transaction pathway not discernible, existing money laundering prevention systems are facing new types of obstacles (Böhme et al., 2015; Kumar et al., 2025).
- **Regulatory Uncertainty**: The lack of a coherent policy defined at the international level risks creating legal loopholes, which could in turn lead to high levels of market volatility. Adopting cryptocurrencies securely and harmoniously can be challenging

in some cases due to the differences in policies and regulatory systems of different countries (Douglas Arner et al., 2020).

- **Division of Governance**: Oversight and problem-solving are sometimes complicated because there is no central responsibility structure in a decentralized system. Algorithm-based management can be used in both preparedness and risk (Lustig & Nardi, 2015).
- **Systemic Risk:** The interconnection between cryptocurrency and traditional financial systems gives rise to systemic risk by resulting in the possibility that a huge financial crisis could spread through the economy. For this reason, major shocks affect not only the industry sector but also other financial sectors (Makarov & Schoar, 2022).

Global studies make it clear that cryptocurrencies carry certain risks and are not entirely safe. The most common concerns include fluctuations in market value, the possibility of misuse in unlawful activities, and weak governance structures, all of which can undermine long term financial stability. Bangladesh's regulatory authorities share these concerns. Their approach has consistently emphasized reducing risks and safeguarding financial stability, treating these priorities as central to the country's financial policy framework.

4.4 Bangladesh Regulatory Context

The regulatory bodies in Bangladesh have taken a very cautious and conservative stance when it comes to cryptocurrencies. Various studies around the world have identified both potential and risks of using cryptocurrencies in Bangladesh. But at the moment, policymakers in Bangladesh are mainly giving top priority to three things: reducing risk levels, maintaining financial stability, and ensuring investor protection. Their strong position is clearly reflected in the three major regulatory frameworks that are primarily:

- **Prevention of Money Laundering Act (2012):** According to the Prevention of Money Laundering Act (2012), transparency must be ensured in all financial transactions, and any type of confidential transaction is prohibited. Money laundering or financing of terrorism is considered a serious crime under this law,

which is in complete contradiction with the pseudonymous (pseudonymous) transaction method of cryptocurrencies. For this reason, no legal basis is established for the recognition of cryptocurrencies as legitimate financial instruments.

- **Bangladesh Bank Guidelines (2014, 2017):** Bangladesh Bank has banned cryptocurrency trading and storage through various circulars. The 2014 directive states that virtual currency is not considered a valid currency under the Foreign Exchange Control Act. The same concerns are reiterated in the 2017 notification—volatility, systemic risk, and potential for illegal use (The Business Standard, 2025). For this reason of this directive, banks and financial institutions cannot directly engage or assist with cryptocurrency transactions.
- **Direction of Bangladesh Securities and Exchange Commission (2020, 2021)**: The Bangladesh Securities and Exchange Commission has warned about the potential risks of investing in unregulated digital assets, and raised the issue of investor security seriously. Their guidance said that investing outside the controlled structure may have a high risk, financial loss, or fraud. For this reason, the commission warns investors not to join the cryptocurrency market.

Bangladesh's regulatory position is consistent with global concerns—instability, illegal use, and systemic risk. But relatively little attention has been given to the opportunities that are mentioned in international discussions, such as financial inclusion or efficiency of remittance systems. Bangladesh has adopted a strategy to avoid risks by adopting strict regulatory policies, which means that the potential benefits of this technology cannot be fully explored. This regulatory context will be considered as the basis for further comparative analysis.

4.5 Comparative Analysis

Global Context and Bangladesh: This analysis compares Bangladesh's current policy position with the perceptions prevalent around the world regarding cryptocurrencies (Improving the Digital Financial Literacy of Crypto-Asset Users, 2025). Through this, we have tried to find out the similarities and inconsistencies of global reality with our rules.

Similar or compatible aspects: The globally recognized risks are quite similar to the concerns of the Bangladesh Bank and other regulatory agencies:

- **Market Volatility**: The price of cryptocurrencies fluctuates very quickly, which threatens financial stability and reduces their acceptance by the common people (Biagi, 2026).
- **Risks of Illegal Transactions**: Since there is a possibility of making transactions with anonymity, there is a risk of money laundering, financing of terrorism, and fraud, which is against the country's Anti-Money Laundering Act.
- **The Impact of Risk on the Economy:** If there is a connection between traditional banking systems and cryptocurrencies, any major collapse in the crypto market could put the entire financial system at risk.

Keeping these risks in mind, Bangladesh Bank has issued a ban on cryptocurrencies through circulars in 2014 and 2017, and according to the Prevention of Money Laundering Act (2012).

Incompatible or dissimilar aspects: Research around the world discusses risks as well as opportunities for cryptocurrencies, but these aspects were not considered in Bangladesh's policy:

- **Financial Inclusion**: Global research says that cryptocurrencies can bring financial services to people who are out of the banking system. But Bangladesh's policy does not emphasize this possibility.
- **Advantages of sending Remittances**: Although the effectiveness of cryptocurrency in reducing the cost and time of sending remittances to expatriates has been revealed in global studies, the government of Bangladesh has not yet worked on this aspect.
- **Technological Innovation**: Cryptocurrencies can help new entrepreneurs and technology or fintech sector innovation, but that potential has been somewhat limited in Bangladesh due to the ban.

Policy Gap: A major policy difference is seen in the comparative analysis. Around the world, where there is talk of balancing laws to reduce risks as well as exploit opportunities,

Bangladesh has fully gone the way of sanctions. This deficit indicates that we need to formulate more precise and modern policies, considering both risks and opportunities. Overall, while Bangladesh's strict policy on risk reduction is effective, we cannot fully exploit the potential benefits, such as financial inclusion or remittance (Rahman, 2025). Creating a modern control structure balancing innovation and risk is now the demand of the time. The data obtained from this analysis will be used as a key direction in formulating the next recommendations.

4.6 Summary

This chapter reviews the global state of cryptocurrencies up to 2026, where a dual picture becomes clear between their innovative potential and possible risks to financial systems. By mapping the results of 57 key references and analyzing them within Bangladesh's specific regulatory environment, the following conclusions were found:

- **Global Maturity vs. Local Alertness**: Internationally, 2026 has triggered a shift towards "Regulated Co-existence" (Kanu, 2025a) . Structures such as the EU's MiCA and the US GENIUS Act are now facilitating institutional acceptance and cross-border transactions. In contrast, Bangladesh still remains in a "restrictive position", where security is the top priority.
- **Opportunity Cost:** Bangladesh's defensive legal framework, which is based on the Prevention of Money Laundering Act; (2012), and instructions from Bangladesh Bank, is creating a big economic gap despite providing effective protection against default (Doko Tchatoka & Haque, 2023). According to analysts, the economy of Bangladesh is losing about 260 million dollars per year in savings transaction fees. For this reason, not adopting a stablecoin-based remittance arrangement (Kanu, 2025b).
- **Regulatory Deviation**: This study highlights a clear policy gap or "policy gap". Global research now sees well-balanced regulation as a tool for the financial inclusion of non-banking people. However, the current internal sanctions are

ignoring these advantages, which may hinder the growth of local fintech and startup ecosystems (Kanu, 2025a).

By contextualizing these global results within the institutional framework of Bangladesh, this chapter gives a full opportunity to understand cryptocurrency as a multi-dimensional subject. The received data indicate that while Bangladesh's convergence with global trends in risk reduction is successful, divergence in exploiting opportunities is a strategic challenge for the future.

CHAPTER V: CONCLUSION & RECOMMENDATION

5.1 Recommendation

The previous chapter analyzed research papers on cryptocurrencies from around the world and tried to find their relevance in the context of Bangladesh. The results of the study paint two different pictures: on one hand, international researchers have highlighted the revolutionary potential of cryptocurrencies and their systemic risks; on the other, financial institutions in Bangladesh mainly focus on risk control and sector-based security. This difference in view has created a large policy gap. For this reason, issues such as financial inclusion, easy process of sending remittances, and expansion of the (Fintech) sector are still neglected in our country. The focus of this talk is to explain the research findings in light of Bangladesh's institutional situation and ongoing global debate. It is not limited to analysis, but the use of digital currency in Bangladesh's financial ecosystem, legal framework, and long-term economic development are explored in depth here. By establishing Bangladesh's position in the global discussion, this chapter identifies some areas where adhering to international 'best practices" or best practices can be beneficial, as well as highlighting areas where local perspectives or strategies are needed. This chapter is divided into three main parts. First, it discusses the impact of research findings on Bangladesh's financial stability, regulatory capacity, and innovation ecosystem. Second, it explores potential pathways to balance risk reduction and maximize the use of opportunities in light of experience from other emerging economies.

5.2 Policy Recommendations

While global research data and comparative analysis of Bangladesh's regulatory position found convergence in risk reduction, a large gap (divergence) in opportunity adoption. The following recommendations are proposed to address this policy gap and balance the risks and opportunities:

- **Adopting a Phased-in Regulatory Approach**: Instead of the welding ban, it is necessary to introduce a phased regulation that will allow for controlled testing.

With strict supervision at an early stage, emphasis can be placed on pilot projects regarding remittances and digital payments.

- **Establishment of Regulatory Sandbox**: A sandbox can provide an opportunity to test cryptocurrency and blockchain applications by keeping startups and financial institutions under direct observation. This approach has been highly successful in maintaining innovation and control in other emerging economies.
- **Strengthening AML and KYC Structures**: Any future crypto regulations should add advanced anti-money laundering (AML) and customer identification (KYC) technology. This will pave the way for transparent transactions in line with the Prevention of Money Laundering Act; (2012).
- **Financial Inclusion Through Digital Resources**: The potential of cryptocurrencies to deliver financial services to the non-banking population should be examined. It can further strengthen the current mobile financial service (MFS) through controlled use in rural and backward areas.
- **Use of Cryptocurrencies to Increase Remittance Efficiency**: Considering the importance of remittances in a country's economy, blockchain-based remittance channels can be experimentally launched with international partners. This will increase the speed by reducing transaction costs, which is beneficial for both expat families and national reserves.
- **Institutional Capacity Building**: It is now a demand of the time for regulatory agencies, financial institutions, and law enforcement forces to adopt specialized training and capacity building programs. Through this, they can easily understand the technical complexities of digital assets. Especially skills in subjects like 'Blockchain Forensics' and 'Distributed Laser Management' will enable national organizations to quickly adapt to possible future changes.
- **Coordination with International Best Practices**: Bangladesh should actively participate in global regulatory discussions and adopt international frameworks to accelerate risk control and innovation. This will increase international cooperation, and the country's economy can easily adapt to global financial changes.

Such steps will help in the process of creating an 'Adaptive Regulation", moving away from strict restrictions. Through phased adoption, implementation of the 'sandbox'

approach, and strict supervision, Bangladesh can enjoy the full benefits of financial inclusion and innovation by reducing risk levels.

5.2.1 Impact on the Financial System of Bangladesh

The results presented in the fourth chapter are very significant for Bangladesh's financial sector. Although both aspects of the potential and challenges of cryptocurrencies have been equally discussed in global research papers, risk and uncertainty issues are given more importance in the context of Bangladesh. That's why our country is currently giving top priority to avoiding risk and maintaining financial stability. The impact of this situation can be analyzed mainly in three ways:

1. **Financial Stability:** The main reason Bangladesh wants to be in a safe position is the extreme fluctuation and systemic risk of the digital asset market. Bangladesh mostly depends on remittances, and the financial institutions in Bangladesh are quite sensitive to global shocks. Without adequate security measures, the adoption of cryptocurrencies can make monetary policy unstable, and it can also make exchange rate management unstable. So, even though the opportunity for innovation has been lost, this strict position has been taken to protect macroeconomic stability.
2. **Regulatory Capacity:** The Money Laundering Prevention Act; (2012) and the circulars of Bangladesh Bank prove how determined Bangladesh is to reduce risks. However, this sweeping ban on cryptocurrencies also reveals the limitations of our regulatory agencies. This has been outright banned rather than creating advanced or modern frameworks for monitoring, which, although easy to implement, may be ineffective in the long run in the reality of digital financial innovation. For this reason, Bangladesh will be at risk of being unprepared if cryptocurrencies are more widely accepted around the world in the future.
3. **Innovation Potential:** Bangladesh has lost opportunities to develop the Fintech sector, develop startups, and increase the efficiency of remittances by focusing only on risks. With no experimental opportunities (Regulatory Sandbox) on the part of regulatory agencies, the path to using blockchain technology in financial

inclusion and digital transformation has been narrowed. Many developing countries, like Bangladesh, are finding ways to innovate through risk control, but Bangladesh is at risk of falling a bit behind in this regard.

The analysis exhibits that current strict policies helped Bangladesh keep financial stability for the short term, but for the long run, these policies are a hindrance to growing new ideas or innovations, and it is reducing future readiness. As the global digital economy is changing rapidly, Bangladesh's financial sector is facing various obstacles, as it is slow to adapt. That's where the indication that there is a need to make existing policy balanced and timely.

5.2.2 Implications for Regulatory Frameworks

In chapter four, the findings clearly indicate that Bangladesh's current restrictive stance is providing short-term transparency but creating long-term obstacles and structural challenges. Whereas the world's focus is shifting towards the "Adaptive Regulation", which is the mixture of innovation and risk management, for Bangladesh, the effect of deciding this shift can be discussed in three main aspects:

a. **Institutional Effectiveness:** A big reason behind Bangladesh's preference to rely on sanctions is its institutional capacity limitation, and it is a realistic reflection of a capacity limitation. By directly banning cryptocurrencies, regulatory authorities find it easier to monitor digital transactions. However, as the use of cryptocurrencies grows worldwide, there remains uncertainty about the likelihood of equal success for this approach in every situation. Also, there is no guarantee that banning cryptocurrency will work equally in the future. If organizations in Bangladesh do not build proper knowledge about blockchain technology and if they do not train their human resources about blockchain management and monitoring, they will suffer in the near future. As this will make difficulties to handle new financial systems like Decentralized Finance and cross broader digital transactions.
b. **Legal Adaptability:** Strict enforcement and protection of investors' interest are especially emphasized by the Anti-Money Laundering Act; (2012), Bangladesh

Bank Circular, and BSEC guidelines. But these regulatory bodies do not have any particular and clear rules regarding the safe testing of new ideas. As there is an absence of a “Regulatory Sandbox” or “Pilot Program”, new ideas cannot be experimented with, so this makes it harder to prove any innovative works. For this reason, Bangladesh is struggling to keep pace with changes in technology.

c. **International Coordination:** As the 2026 global context shows, most of the world is now moving towards creating a balanced policy that not only welcomes new innovations but also keeps associated risks at bay. But Bangladesh's current tough and largely negative stance is in stark contrast to this global trend, which is creating a big gap. This policy divergence threatens to isolate our nation's financial system from the international arena. For this reason, Bangladesh may lag behind in international cooperation issues such as simplifying the process of sending remittances or preventing money laundering (AML), which could be detrimental to the country's economy in the long run.

5.2.3 Effects on Economic Development

The outcome of the study has a greater impact on the overall economy and economic development of Bangladesh. When opportunities like financial inclusion, remittance efficiency, and financial innovation regarding cryptocurrencies are becoming the global focus at the same time, Bangladesh is limiting the potential by strict sanctions. These effects can be examined from three different aspects:

a. **Remittance Flows:** Remittances have a major contribution to Bangladesh's GDP, which plays an important role in household spending and the formation of national reserves. Global studies have shown that it is possible to significantly reduce the cost and speed of international money transfer through the use of cryptocurrencies. Bangladesh is being deprived of the enhanced efficiency and benefits that would have been available if it had confirmed the use of cryptocurrencies in remittance channels. If this possibility were exploited, more money would reach the hands of ordinary people on the one hand, while foreign exchange reserves would also be strengthened.

b. **Digital Entrepreneurship and Fintech Ecosystem:** Cryptocurrency and blockchain applications are playing a helpful role in forming new startups and creating innovative environments. Especially fintech entrepreneurs in many emerging economies are innovating diverse and modern business models using digital resources or resources. New types of experiments have been stopped due to sanctions in Bangladesh. For this reason, local startups have limited opportunities to operate with modern technologies such as decentralized finance, tokenization, and blockchain-based payment systems. This barrier is a big problem in the path of building a dynamic fintech sector, because such a sector could help to create new jobs and further diversify the economy.

c. **Global Competitiveness:** Various countries around the world are making laws keeping in mind both the benefits and risks of cryptocurrencies. If Bangladesh does not follow the path, there may be a possibility of falling back in global competition. Our lack of modern and up-to-date policies may isolate Bangladesh from global financial innovation. This will make it difficult to get foreign investment and reduce our participation in the world market. In the long run, this will have a negative effect on modernizing the country's economy.

These aspects of economic development indicate that Bangladesh's strict stance is helping to reduce risks but restricting many possibilities for growth. Increasing efficiency of remittances, fintech innovation, and missed opportunities to survive in global competition have created the need for a fine and modern regulatory structure. There is a need for policies that will play a role in reducing risks as well as economic modernization, which are discussed in detail in the recommendations section.

5.3 Key Findings

This study has provided several important results in understanding cryptocurrencies as both a threat and a potential in the context of Bangladesh:

- **Cryptocurrency Dual Entities:** Two of the most important aspects of cryptocurrencies are opportunities (economic accessibility, streamlining cross-

border transfers, fintech innovation) and threats (volatility, illegal use, oversight instability) have been witnessed by the morning through international research. So, in short, it has been noticed that cryptocurrencies have a dual nature.

- **Bangladesh's Stringent Approach**: By implementing the Prevention of Money Laundering Act; (2012), Bangladesh Bank Circular (2025), and BSEC Guidelines (2024), Bangladesh takes a tough stand on cryptocurrency.
- **Coordination with International Concerns:** Bangladesh's insistence on the volatility of cryptocurrencies, illegal financial use, and potential risks to the financial system due to awareness of the major problems arising from cryptocurrency is consistent with international discussions.
- **Deviation from International Opportunities:** Bangladesh is lagging behind in embracing global opportunities such as ensuring financial inclusion, making remittance flows more dynamic and effective, and new innovations in the (Fintech) sector. The possibility of modernizing the country's market using cryptocurrencies is now greatly narrowed, mainly due to existing policy constraints.
- **Policy-gaps and Unrealized Opportunities:** While Bangladesh's current restrictive position protects short-term stability, it is inhibiting long-term innovation, competition, and future preparedness. This policy vacuum clearly highlights the need for a precise and effective regulatory framework, which will help to ensure that opportunities are maximized by minimizing risks.

5.4 Contributions of the Study

The paper makes a multi-faceted contribution in the field of scholarly knowledge, policy setting, and practical financial framework in the area of cryptocurrency regulation:

1. **Academic Contribution** –
    - **Structural Synthesis:** Provides a summary of a well-structured international study that has been accepted as both a systemic threat and a transformational possibility to cryptocurrencies.
    - **Comparative Analysis:** The study developed a comparative analysis, and it will be beneficial for understanding the similarities and inconsistencies of

Bangladesh's regulatory position with international trends towards crypto, through which the issue of not exploiting opportunities and possibilities for cooperation comes to light.

- **Procedural Approach:** Policy-based contextual analysis and systematic research review develop examples of a new research method used together. Developing countries can also follow this method if they want.

2. **Policy contributions** –
   - **Identifying the Limitations of Restrictive Measures:** Many economic opportunities are being missed due to Bangladesh's stringent approach, keeping in mind international concerns.
   - **Identify Policy Gaps:** In certain areas— such as financial inclusion, making remittances more effective, and innovation where the deficit is identified.
   - **Effective Recommendations:** Practical strategies such as step-by-step regulation, access to experimental rules, robust money laundering prevention and customer identity verification systems, and international coordination have been mentioned. These can help policymakers for building a balanced framework, which will be open to adopting new technologies and innovations while reducing risk.

3. **Practical contribution** –
   - **Guidance for Fintech Institutions**: Provided ideas on how financial institutions and startups are connected to cryptocurrencies under a flexible regulatory framework.
   - **Organizational proficiency Building:** Blockchain is not just for business purposes; it also has the capacity to train the regulatory bodies to improve and develop advanced skills and improve oversight. In short, blockchain provides a capacity-building framework.
   - **Economic Development:** Using cryptocurrencies can increase remittance flow, and it can also help digital entrepreneurs to start an online business and

join the digital economy by providing digital funds. This ultimately directly supports Bangladesh's main economic goal.

5.5 Directions for Future Research

Several areas are open for more in-depth research, although this study provided a comprehensive synthesis of international studies and contextual analysis of Bangladesh's regulatory position. Future research may be further advanced based on the following factors:

- **Comparative Regulatory Research:** Analyzing how countries like India, Nigeria, and Vietnam are balancing the risks and potentials of cryptocurrencies can be extremely valuable for Bangladesh. Such a comparative review will make it easier to identify effective 'best practices" and appropriate policies or models for countries with similar institutional and economic contexts as ours.
- **Fact-based Evaluation of Remittance Flow:** The impact of blockchain-based remittance channels on transaction cost, speed, and family prosperity should be closely evaluated in future studies, considering the importance of remittances in Bangladesh. It will play a meaningful role in aiming to provide real data for policy review.
- **Cryptocurrencies and Economic Accessibility:** A more in-depth analysis is needed on whether cryptocurrency can play a role for rural people outside of the banking system in accessing financial services. These potential tests in countries like Bangladesh will help to understand the opportunities for new financial solutions in the future. The possibility of adopting digital assets in a controlled way in certain areas can be verified through case studies or pilot projects.
- **Application of Blockchain Beyond Currency:** It is vital to examine the potential of blockchain in supply chain management, e-governance, and government service delivery, thus not limiting the scope of research only to cryptocurrencies. These applications can create opportunities for innovation without the volatility of digital assets.
- **Organizational Proficiency and Regulatory Preparedness:** The future study can analyze how ready other regulatory agencies, including the Bangladesh Bank

and **Bangladesh Securities and Exchange Commission**, are to adapt to digital financial innovations. How the technical capacity and coordination between different organizations are working, it needs to be included through training to increase efficiency.

- **The Societal and Financial Impact of Adoption**: A rigorous analysis of the ideas, beliefs, and cultural attitudes of people in Bangladesh can be done about the acceptance of cryptocurrencies in society in the near future. The acceptance of cryptocurrencies in Bangladesh mostly depends on the beliefs, knowledge, and perspectives of people from Bangladesh.

Future research needs to focus more on the real and noble aspects of cryptocurrencies rather than limiting them to theoretical ones. The country will conduct fact-based studies on remittance capacity, economic accessibility, and regulatory agencies in order to adapt to digital markets and make control systems more effective.

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