

US Treasury secretary calls for improved cryptocurrency rules

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US Treasury Secretary Janet Yellen speaks on digital assets at American University in Washington on April 7, 2022.

US Treasury Secretary Janet Yellen on Thursday called for increased oversight of cryptocurrencies, after President Joe Biden last month green-

lit work on creating a digital American dollar.

Digital currencies such as bitcoin and ethereum have seen explosive growth in recent years, even as American officials have expressed concerns over whether the assets are properly regulated, or could be used for [criminal activity](#).

In a speech at American University in Washington, Yellen said better regulations on such assets would protect consumers while still allowing for innovation.

"As banks and other traditional financial firms become more involved in digital asset markets, regulatory frameworks will need to appropriately reflect the risks of these new activities," Yellen said.

"And new types of intermediaries, such as digital asset exchanges and other digital native intermediaries, should be subject to appropriate forms of oversight."

Biden's order last month put the United States among the more than 100 countries that are exploring or have launched pilot programs with their own central bank [digital currency](#), including China's digital yuan, although Yellen said issuing such a [currency](#) is likely to "require years of development, not months."

Washington has also looked to expand taxation of cryptocurrencies, with the \$1 trillion national infrastructure overhaul that Congress passed last year including provisions to expand reporting requirements for digital assets.

Governments worldwide have fretted that cryptocurrencies are being used to fund illicit activities.

On Tuesday, Germany shut down Russian-language illegal darknet marketplace Hydra, the largest such network in the world, and seized bitcoin worth \$25 million.

The US Treasury sanctioned that site and Garantex, an exchange for virtual currencies that it said was used for collecting ransomware payments.

Yellen warned that "'financial innovation' of the past has too often not benefited working families, and has sometimes exacerbated inequality," and added that the department is working with Congress to regulate stablecoins, which are cryptocurrencies backed by reserves.

Yellen called for "tech neutral" regulations on digital assets that are intended to protect consumers and businesses without hampering the technology behind them.

"In many cases, regulators have authorities they can use to promote these objectives and Treasury supports those efforts," Yellen said.

"To the extent there are gaps, we will make [policy recommendations](#), including assessment of potential regulatory actions and legislative changes."

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