

The Impact and Current Situation of Cryptocurrency in Thailand and the World

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Abstract - As cryptocurrencies become more apparent and popular in the financial world it is essential to increase people's awareness and identify the emergence and importance of such currencies. In this article, the current situation of cryptocurrencies was investigated to identify the impact both internationally and domestically. It is apparent that the emergence of cryptocurrencies has changed the face of the financial world, especially in money transaction activities and investments. Although cryptocurrencies may be perceived as flexible and simple, it is significantly sensitive to events that evolve around the world. Due to its sensitivity, an event such as the war between Russia and Ukraine has immensely affected the world's economy and the cryptocurrencies themselves. The world's government must therefore be able to investigate and forecast the uncertain manner of the currencies and how it will affect the world's economy as a whole.

Keywords - cryptocurrencies, bitcoin, impact, economy, Thailand

I. INTRODUCTION

Cryptocurrency is a peer-to-peer payment system that allows anybody to transfer and withdraw virtual currency from any corner of the world. Though transactions may be completed regardless of location, cryptocurrency does not require any mediator or bank confirmation. Instead of physical money, it is virtually traded in the actual world. Transactions involving cryptocurrencies, hence, are recorded on a cryptocurrency public ledger, which acts as a record-keeping mechanism. The recipient's digital wallet is where the cryptocurrency is deposited.

Cryptocurrency is a financial transaction whereby encryption is used to authenticate the transaction for security purposes for all storage transactions, and to transfer digital currency data between the digital wallet and the public ledger. Cryptocurrency currencies are usually maintained in a system known as "blockchain," which keeps track of who owes which types of coins and how much they are worth. Although cryptocurrencies are not authorized by government authorities or financial institutions, each payment and transfer transaction will be validated by a worldwide computer network via the blockchain system.

II. THE IMPACT OF COVID-19

Due to the current COVID-19 pandemic, the cashless society has become rather popular. Many individuals prefer to spend their time at home rather than shopping outdoors. To minimize the risk of being infected by the virus individuals are now able to pay without touching banknotes when they're shopping outdoors. Apart from bank transfers and credit card

debits, alternatives derived from the development of electronic money to digital money has been introduced less than 10 years ago by a software developer who goes by the pseudonym, Satoshi Nakamoto. Nakamoto developed a digital currency called Bitcoin in 2009, a payment system based on a mathematical transcription. His purpose was to create a currency that is free from government and financial institutions and could be transferred to each other over the internet with low fees, which could be considered to be a major competitor of commercial banks.

Moreover, many businesses have been disrupted to the point of considering closing down. This significantly increases the possibility of making money through cryptocurrency to compensate the loss of the original source of income as a result of the COVID-19 circumstances. As consequence in Thailand, cryptocurrencies provide an alternate investment option to investing in tangible assets to mitigate the possibility of sliding real estate prices as a result of the Covid-19 situation is economic collapse, leading to the resuscitation of several Thai national coins.

Cryptocurrencies are highly secured: it is a peer-to-peer transactions or individuals to individuals without the involvement of intermediaries. These intermediaries will be impacted by a variety of economic issues. Cryptocurrencies are intended to supplement the already volatile existing money. As a result, there is a greater demand for cryptocurrencies. Furthermore, the US currency tends to decline from pouring additional funds into the system to help the economy damaged by the Covid issue This will also result in people bringing more wealth to diversify their investments in the digital asset market, which is flourishing at the moment. It seems certain that the price of Bitcoin will continue to rise into 2021 (Kobkaew, 2021).

III. THE CURRENT SITUATION OF CRYPTOCURRENCIES

Since bitcoin has become the world's first and most valuable digital currency and also the originator of blockchain technology, there are other cryptocurrencies as well, namely;

- Ethereum (ETH), was invented by a Russian Canadian programmer, abbreviated as ETH, in 2013, who was once a member of the Bitcoin development team. The novelty of Ethereum is that it is Open Source, allowing others to participate in the system's growth, which is more adaptable than Bitcoin.

- Binance (BNB), was invented in 2017 by 'Binance', a global digital coin trading service.
- Dogecoin (DOGE), was invented in 2013 by a creator who used the pseudonym Shibatoshi Nakamoto to parody the name Satoshi Nakamoto, the creator of bitcoin. The coin's prominent façade of the 'Shiba Inu' dog coin makes it instantly accessible and identifiable. DOGE's name is frequently cited multiple times on Elon Musk's Twitter, causing the coin's price to fluctuate.

Cryptocurrency is a highly secure innovation with its operations that are based on blockchain technology since it is a decentralized technology and requires penetration into every computer in the system to crash the system. Hence, data on the blockchain can be extremely difficult to edit or update which reduces the risks of data theft. Blockchain technology is also in charge of data gathering from currency holders and forex trading information, including verifying the transaction's accuracy. Those that validate the information on the blockchain will be rewarded with coins. This is known as coin mining, where blockchain technology allows mined currencies to be traded on the exchange to become a form of financial asset. With these promising benefits, cryptocurrency has become widely known not in the context of exchanging commodities but in terms of speculative investment instead. This is evident in the price increases in many currencies. Bitcoin, for example, rose from \$6,483.74 in March 2020 to \$43,522.24 on February 11, 2022, which translates to a 571.25 per cent rise in 21 months, after reaching a high of 61,374.28 in October 2021 (de Best, 2022). Another example is Ethereum, which cost \$133.76 in March 2020 and increased to \$3,074.1 on February 11, 2022, representing a 2,198.22 per cent growth after reaching a high of 4,426.74 in November 2021 (de Best, 2022).

Investing in cryptocurrencies, on the other hand, is a high-risk operation that should be taken into consideration. There are no trading restrictions on certain currencies on cryptocurrency exchanges (circuit breaker); it opens 24 hours a day and has no market closing time like the stock exchange while allowing traders from all over the world to trade, easy access, where price prediction is equally challenging.

In a typical stock exchange manner, stocks are deemed to have a "strong foundation," based on factors such as the company's growth direction, increases in revenue, stability of business profitability, the company's investment news, or the macroeconomic climate that impacts businesses both positively and negatively. All of these factors have an impact on the stock's price which can be likely predicted to a quite certain extent. However, the crypto market is unique since cryptocurrency is a future value-driven digital currency whose value increases if the money is invested and earns a steady return. That means the more money has invested the trend in the value of money will also increase. While many coins have no basis, some coins are supported by projects but have yet to

develop into a form which allows coins trading to add liquidity to that project.

When there are no strong corporations or assets to reference, crypto values are extremely vulnerable and are easily influenced by the news. It is regarded as a volatile and high-risk investment since projecting the future value of coins in each currency is rather difficult. Even celebrity movements can have a major impact on the price of any cryptocurrency. Elon Musk, for instance, has frequently discussed have caused cryptocurrency prices to fluctuate from time to time. When the Central Bank of China announced that all transactions and international exchange services related to cryptocurrency will be illegalized; causing a sharp fall in the price as a result.

To acquire Bitcoins nowadays, instead of acquiring them through purchasing people can "mine" them as an alternative. The true intent of Bitcoin (BTC) mining is the use of computers to process and solve numerical equations. To receive confirmation of transactions and add a new block of data to the Bitcoin blockchain, those who solve the equation first will be rewarded with their newly mined BTC. Thus, cryptocurrency mining may be done in a variety of currencies, including Bitcoin, Ethereum, and Litecoin; however, Bitcoin is the most well-known and widely discussed.

Since "Bitcoin" is only limited to 21 million coins, Satoshi Nakamoto, an anonymous coin creator, estimated the situation that if Bitcoin is increasing rapidly and without limits, such phenomena can cause inflation and the decline of the coin's value until it disappears from the market. Therefore, limiting the number of bitcoins is a balance between supply-demand and the value of the coin due to the features and limited availability of Bitcoin. The value of Bitcoin, thus, will continue to increase in the future. causing investors to hold more and more coins. Now, more and more individuals are flocking to mine, until only 2.5 million bitcoins are remaining to mine in the system. That is to essence, an algorithmic system will result in ever-increasingly challenging challenges. Solving these equations requires a highly powerful computer to process. That is, when the entire globe competes in this manner, the more power is utilized, the higher the cost only for bitcoins mining.

IV. CHINA'S POLICIES ON CRYPTOCURRENCIES

Data revealed that China is an area where the majority of bitcoin is mined more than any other country, two-thirds of the fuel is used to generate coal-fired power to mine bitcoins. Even at present, the new generation of coal-fired power plants uses modern technology that turns coal into clean energy, both reducing dust and wastewater caused by the plant to a certain extent. However, there are still obsolete coal plants that use outdated technologies (Meksamanasak, 2022). This also includes the concern that even though modern factories emit less dust and wastewater, the world still perceives such activities as harming the environment. As a result, bitcoin mining that requires electricity or coal-fired energy creates pollution and requires more energy to "mine gold" as it

requires a great amount of electricity to generate cryptocurrency which has become more and more popular every year. As a consequence, Ethereum developers are replacing the traditional mining mechanism to alleviate environmental issues as a way to mine coins with less electricity. It is expected that the world will pay more attention to green mining which will affect the coin's popularity as this can be seen as corporate social responsibility. For one thing, it encourages coin developers to develop their systems to be as environmentally responsible as possible.

In support of this environmental cause, the Chinese government has declared cryptocurrency to be unlawful. Transactions, trading, issuing of tokens, and derivatives related to cryptocurrencies are no longer possible and violators will be prosecuted immediately. The government can also monitor people's internet usage in the nation to deter people from engaging in crypto-related transactions to prohibit people from engaging in crypto-related transactions. Following the announcement of the Chinese government, the value of cryptocurrencies, such as Bitcoin, Ethereum, EOS, Litecoin, and Dash has dropped dramatically. Hence, the Chinese government classified cryptocurrencies as high-risk, low-stable investments due to their rapidly changing value and the majority of crypto-currency acquisitions that occurred through mining which generates a large amount of electricity and electronic wastes. Another significant reason for banning cryptocurrencies is transactions that do not go through China's Central Bank, preventing the government from scrutinizing people's financial transactions.

V. THE WAR BETWEEN RUSSIA & UKRAINE

In addition to the environmental and financial stability of each country, another event that is expected to have a positive effect on cryptocurrencies is the situation between Russia and Ukraine. With the war, Ukrainian civilians were forced to evacuate. Fearing the safety of their savings in commercial banks, they withdrew money from banks and migrated the deposits to cryptocurrencies instead. Furthermore, the Ukrainian government has requested donations in Bitcoin and Ethereum cryptocurrencies for military assistance in fighting the Russian army. In just 48 hours, they generated \$18 million in contributions which demonstrated that cross-border money transfers can be completed swiftly and easily without the use of intermediaries or commercial institutions without paying any fees. As a result in February, the Ukrainian parliament passed a law to legalise cryptocurrencies, hence, the importance of cryptocurrencies can be seen around the world.

On the Russian side, the Western allies have taken several measures to counter the action, some Russian banks have been sanctioned by The Society for Worldwide Interbank Financial Telecommunication: SWIFT, a global money transfer system which offers a flexible and secure messaging system for money transaction orders to multiple banks internationally. A SWIFT message informs the bank at the destination that funds will be delivered. Hence, the sanction of Russian banks from

the SWIFT system has impacted its commercial activities where the value of the Russian ruble has begun to weaken. Such events have made the Russian public and the private sector more interested in owning cryptocurrencies, even though some of the currencies have already been ceased to all Russian customers, there are also other currencies that Russian citizens can use for transactions. As a result, Cointelegraph reported that Russians and Ukrainians are increasingly adopting cryptocurrencies. Bitcoin and Altcoin Volume have increased 200 per cent on Ukrainian Crypto Exchange, the same goes for the Russians who bought crypto coins after the ruble has been weakened.

VI. THE CURRENT SITUATION OF CRYPTOCURRENCIES IN THAILAND

In Thailand, there are several companies listed on the Stock Exchange of Thailand whose engaged in crypto businesses. Such engagement includes setting up bitcoin mining, issuing and offering cryptocurrencies, and becoming traders or brokers in various digital currencies by using companies' money to speculate on the currencies. However, the fact that these publicly traded companies compete in the crypto business affects the share price of the company more or less differently. Some companies' share prices may rise, and some companies, on the other hand, do not have any impact. It will be interesting to see whether these companies will be able to sustain profits from the crypto business.

The entry of cryptocurrencies has had a significant impact on global finance and investment, particularly in Thailand. And it is expected to gain acceptance and eventually replace the traditional financial system. This is because

- 1) technological innovations are causing new innovations in financial management.
- 2) the banking sector is unable to serve today's financial requirements in all aspects satisfactorily.
- 3) the financial system is managed centrally, which causes delays.
- 4) of the fluctuation of each surname's currency, each surname exists at all intervals, and
- 5) to improve financial efficiency for consumers, customers, all people, or companies so that financial transactions may be completed simply and swiftly whenever and wherever reducing the number of time-consuming steps.

Another interesting issue is the Securities and Exchange Commission's (SEC) board meeting reaction to cryptocurrency. On March 3, 65, SEC No. 3/2565 agreed to authorize the regulation of digital asset operators to limit services of using digital assets as a medium of payment for products as well as services. The summary of key points of the meeting is as follows:

1. All types of digital asset business operators must not provide services or behave in a manner that stimulates or promotes the payment of goods and services using digital assets.

- In circumstances when digital asset company owners discover that clients utilize accounts created for digital asset trading to pay for goods and services. The company operator must report any misuse of the account that violates the terms of service and take action against clients who violate the terms of service. Such a penalty involves the temporarily halt of services or the termination of service, or any other comparable action.

According to the Revenue Department, there are two additional categories of taxable income from the former that are tax-free:

- Profit-sharing from holding digital tokens.
- Earn money through the direct selling of digital tokens and cryptocurrency (in which case 15 per cent withholding tax is required)

However, on March 8, 2022, the Cabinet recently accepted two law bills by the Revenue Department. The existing law provides the following tax breaks as follows:

- Income Tax: Determining taxable income or profit from digital assets. Profits from the same tax year can be used to offset losses. This requirement can only be satisfied on SEC-regulated exchanges.
- Withholding Tax: Transactions made through an exchange authorized by the SEC will be unable to identify the payee and the amount of income that must be withheld, resulting in incomplete withholding tax components; hence, no withholding tax is necessary.
- Value Added Tax: VAT exemption from April 1, 2022, to December 31, 2023, for transactions made through SEC-regulated exchanges and digital assets issued by the Bank of Thailand.

VII. CONCLUSIONS

In conclusion, there are both positive and negative consequences for cryptocurrencies' future. It is worthwhile to keep a watchful eye on the movement, influence, and development of cryptocurrencies. In addition to the ongoing war between Russia and Ukraine, it is crucial to investigate the roles of cryptocurrencies as it has become essential for civilians who are affected by such tragic events. The trend of digital money or cryptocurrency will be acknowledged more and more in the future, according to technical improvements, leading to financial management innovation, and resulting in more financial independence. To address some expectations that the financial system currently cannot meet, it can make official transactions easier, more rapid, and cost-effective, among other features. Additionally, the government also need to take serious consideration about how to tackle the uncertain manner of cryptocurrencies. Thus, the importance of policies that facilitate and regulate investors for smooth transactions by the government is inevitable.

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