



The Plan for The UK To Become a Global Cryptoassets Hub May Not be As Bold as It Seems

Description

UK: On 4 April, the British chancellor, Rishi Sunak [announced his intention](#) to make the UK a “global hub for cryptoassets technology.” Put simply, this means he wants the country to be an attractive place for cryptocurrency companies to operate.

For the government, this requires a delicate regulatory balance between preventing financial crime and protecting consumers and allowing cryptocurrencies to flourish.

The key element to Sunak’s plans was a proposal to bring a particular element of cryptocurrencies, “stablecoins,” within the scope of existing UK banking regulations. Stablecoins are widely considered to be at the safer end of the sector, where the notorious volatility of other cryptocurrencies like Bitcoin is replaced with something more reliable.

Stablecoins are, largely speaking, under centralised control, in the same way that traditional banks have control over customers’ accounts.

An alternative approach would be to introduce a central bank digital currency, as [China is doing](#), but this is time-consuming and expensive. A well-regulated stablecoin space will at least get the UK involved in the sector while the [Bank of England decides](#) whether or not to commit to a digital currency of its own.

The UK’s financial services regulator meanwhile, has indicated recently that it is more focused on preventing risk than helping crypto technology [to flourish](#). Nor has the treasury provided any clear detail about what stablecoin regulation would actually involve. Perhaps then, the UK is not as welcoming to innovation and crypto technology as it makes out.

It is also questionable to what extent the UK can become a global crypto leader, as the most successful stablecoins all peg, to some degree, to the US dollar. Although this could change as [the US and EU](#)

adopt tougher stances on cryptocurrencies.

The UK may well hope to gain a greater foothold in the relatively safe, and controllable, world of stablecoins and enjoy the potential benefits for the pound as an underpinning currency. But in reality, it will take much more than the measures announced so far to make any meaningful progress. They sound instead like a vague attempt not to be left behind by other countries, without committing too much in the way of investment and resources.

The above is extracted from the article '*Plan to become a 'cryptoassets hub' may just be the UK government hedging its bets*' by Matthew Shillito, Lecturer in Law, University of Liverpool, 14 April 2022

Read the full article in *The Conversation* [HERE](#)

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