

China and India go all in on CBDCs as support for Bitcoin payments seesaws

Article

What we've noticed: As the [crypto payments](#) market gains steam, lawmakers and regulators across the globe are trying to figure out how to regulate digital currencies effectively to

ensure safety and legitimacy— a debate that took on a new sense of [urgency](#) after **El Salvador** became the first country to accept **Bitcoin** as legal tender.

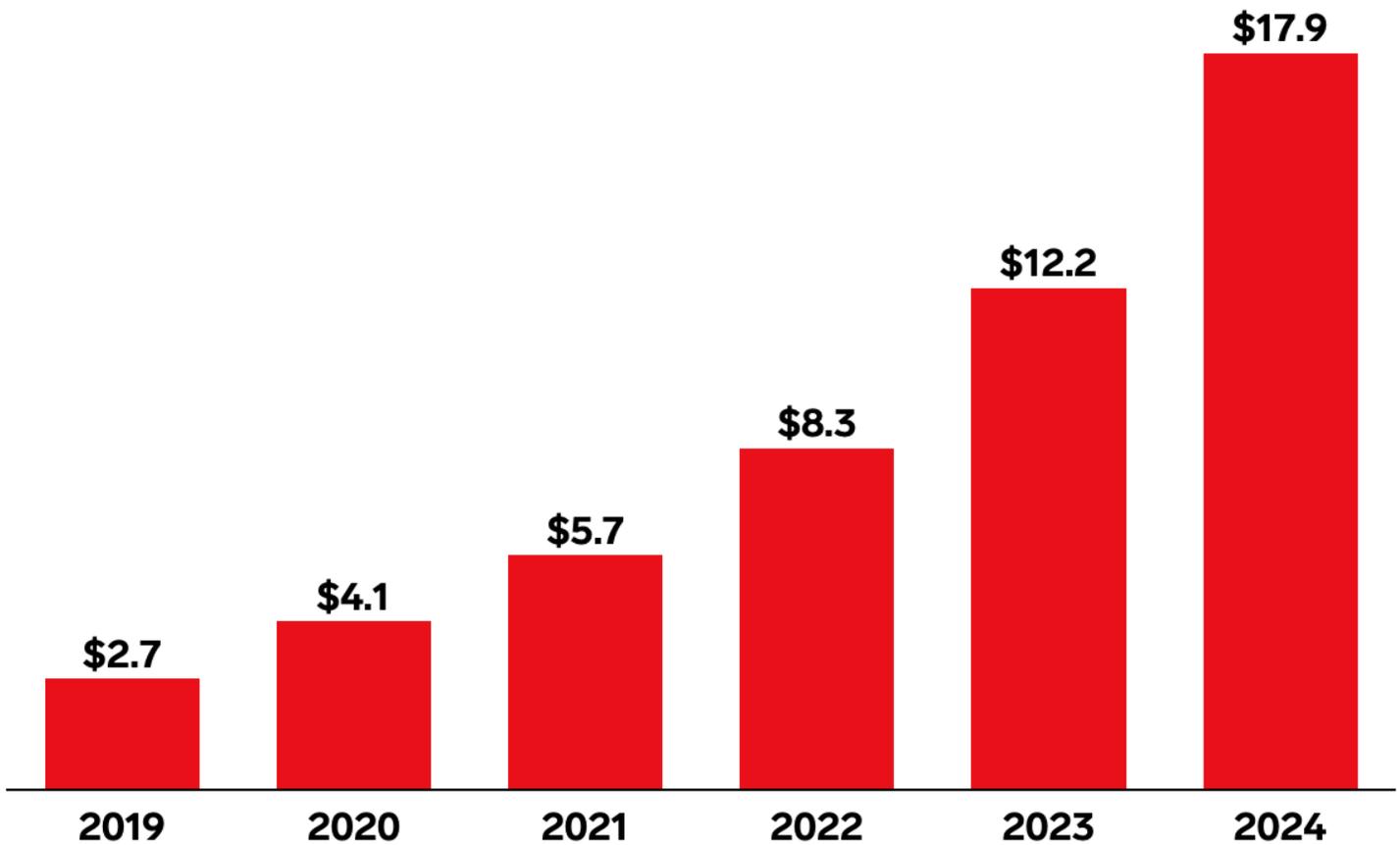
Asia-Pacific leads the way: Here are the latest crypto payment moves from two of the biggest global markets.

- **China** imposed strict regulations on Bitcoin mining and trading in May, which led to falling prices and a global trading [slump](#). But the country is ramping up efforts to launch a central bank digital currency (CBDC): China has given out a total of [\\$41.5 million](#) in digital yuan through its pilot programs, and there are [reports](#) that it could be ready to roll out the **CBDC** after the Beijing Winter Olympics in early **2022**. While [90%](#) of the world's central banks are looking into developing CBDCs, China is gearing up to be the first major economy to bring one to market.
- Regulators in **India** are reportedly preparing to classify Bitcoin as an asset class “soon,” [according to](#) The New Indian Express—a complete reversal from a bill [proposed](#) in January that would have banned private digital currencies like Bitcoin and facilitated building a framework for a CBDC. Further pointing to changes, crypto exchange **Coinbase** said it will [build](#) out its presence in India, anticipating that interest in Bitcoin and a potential CBDC will hold in the country.

The bigger picture: When it comes to digital currencies, countries like CBDCs because they have parity with corresponding fiat currencies and can fit within the global banking system: Just days after international financial institutions [called](#) for global collaboration to make CBDC interoperable, central banks of **Singapore** and **France** successfully [tested](#) a cross-border network involving multiple CBDCs supported by **JPMorgan's** blockchain infrastructure, **Onyx**. Bitcoin, on the other hand, faces an [uphill climb](#) toward being accepted as a currency amid concerns about its high volatility and utility as a payment method, but [payment players](#) are nevertheless diving into the space—signaling the asset may be able to overcome this skepticism. But for CBDCs and broader crypto payments to break into the mainstream, continued work toward interoperability will be key to ensure payment utility and enable cross-border transactions.

Global Spending on Blockchain

billions of dollars



Source: International Data Corporation, "Worldwide Blockchain Spending Guide," September 2020

Methodology: Data is from the September 2020 International Data Corporation report titled "Worldwide Blockchain Spending Guide." The report quantifies the emerging blockchain market by providing spending data for 10 technologies across 19 industries and 17 use cases in nine geographic regions.

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