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		Criminalization of Dealing in Virtual Assets under Algerian Legislation	
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Abstract Virtual assets are among the most significant manifestations of the digital transformation witnessed by the world in recent years. They are traded and exchanged within virtual environments through digital platforms specifically created for this purpose. However, these virtual assets have raised numerous technical, legal, and even economic concerns regarding their legitimacy due to the absence of a central authority supervising them particularly given that they are issued without any legal backing or monetary authority. As a result, their use is fraught with risks, and most individuals remain unaware of their characteristics, advantages, and potential dangers. Despite these challenges, the use of virtual assets especially cryptocurrencies has recently expanded considerably, with growing public and institutional interest in them as an innovative monetary form that has transformed traditional financial relations among individuals and companies. Nevertheless, such assets have also been used to finance terrorist organizations and groups, given that they possess all the features sought by such actors: anonymity, freedom from government oversight, and ease of transfer. This situation prompted the Algerian legislator to criminalize dealings in virtual assets in general, and digital currencies in particular, within the framework of combating money laundering and terrorism financing, given the ambiguity and the numerous risks associated with them.			
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Introduction:

The world has recently witnessed an unprecedented digital revolution that has profoundly influenced all aspects of human life political, social, economic, and cultural. Among the most notable manifestations of this digital transformation are virtual assets, which have raised numerous technical, legal, and even economic issues regarding their legitimacy.

One of the most alarming technological innovations in recent years has been the creation of a parallel virtual world to our tangible reality, known as the Metaverse. This concept goes beyond imagination or simulation to directly affect real life, where financial and commercial transactions take place within it. One of the most significant breakthroughs resulting from the emergence of the Metaverse is the rise of virtual assets, which rely on blockchain technology. (Abdel-Ghani, 2024, p. 357)

In recent years, the use of virtual currencies has spread widely. These currencies are issued and traded over the Internet and have no physical existence; they are created through specialized computer programs that solve complex mathematical equations and algorithms. However, due to the absence of any central authority supervising them, transactions involving these virtual currencies are highly risky. Most individuals remain unaware of their nature, features, and potential dangers. (Eddine, 2018, p. 221) It is worth noting that the trading of virtual assets occurs exclusively within virtual environments and through digital platforms specifically established for this purpose.

Since financing represents the lifeblood of terrorist organizations and groups, these entities pursue every possible means to secure it. They have found in virtual assets, particularly encrypted digital currencies, a perfect tool to achieve this goal, as such assets possess all the characteristics sought by terrorists – anonymity, escape from governmental control, and ease of transfer, among others.

International typologies related to Virtual Assets show that organised crime organisations may use them to access ‘clean cash’ (paying in and paying out). Not only cybercriminals use Virtual Assets other organised crime groups such as drug traffickers use them to move and launder the proceeds of crime. Virtual Assets allow such groups to access cash anonymously and obscure the transaction trail. (VAWG), February 2023, p. 8)

Along the traditional sources and methods of terrorism financing abovementioned, in recent years the attention has progressively shifted towards the evolution of new technological solutions and their possible role for terrorism financing purposes. Initially focusing on their possible exploitation for money laundering schemes, indeed, the international concern relating to terrorism financing purposes has steadily increased, and it is currently at the core of both the international and national agendas, especially after the COVID-19 pandemic, which has led to the growth of digital payments and use of technology overall. (Barcellona, 2023, p. 83)

Based on this context, the importance of this study lies in examining and explaining the legal framework governing the criminalization by the Algerian legislator of dealing in virtual assets, while highlighting the underlying reasons for such criminalization. The objective is to determine the extent to which the legal framework aligns with practical reality, and whether the prohibition of transactions involving virtual assets particularly digital currencies is compatible with the growing real-world need for speed, efficiency, and ease in economic and commercial transactions, as well as the other advantages offered by these assets.

It is worth noting that the emergence and spread of virtual assets, resulting from technological progress and the expansion of e-commerce, have imposed a new reality on the banking and financial sectors. This reality could potentially reduce the constraints of current monetary systems and facilitate financial transactions. However, it remains fraught with risks, particularly due to the possibility of using such mechanisms in money laundering and terrorism financing.

Nevertheless, virtual assets have gained substantial significance in the financial and business world, as they are increasingly viewed as a monetary innovation that has reshaped traditional financial concepts among individuals and companies. Yet, given that these assets are issued without any legal or monetary authority, they raise serious concerns. Consequently, the Algerian legislator has criminalized dealings in virtual assets in general and digital currencies in particular, as part of the national efforts to combat money laundering and the financing of terrorism, considering the ambiguity and multiple risks associated with these assets.

Accordingly, the following central research question arises:

What is the legal framework for the criminalization of dealing in virtual assets under Algerian legislation?

To answer this question, this study adopts both descriptive and analytical methods. The descriptive method is used to outline the phenomenon of dealing in virtual assets especially cryptocurrencies and digital currencies by presenting

their definitions, classifications, and the main reasons for their criminalization. Meanwhile, the analytical method is applied to examine the relevant legal provisions in Algerian legislation that criminalize and sanction dealings in virtual assets.

This study is divided into two main sections:

- The first section addresses the legal framework for the criminalization of dealing in virtual assets;
 - The second section examines the reasons behind the Algerian legislator's criminalization of such dealings.
- **FIRST: THE LEGAL FRAMEWORK FOR THE CRIMINALIZATION OF DEALING IN VIRTUAL ASSETS**

The Algerian legislator has prohibited all forms of dealings in virtual assets following the amendment of Law No. 05-01 of February 6, 2005, on the Prevention and Combating of Money Laundering and Terrorism Financing, through Law No. 25-10 of July 24, 2025, (Algeria, 2025) as stipulated in Article 6 bis thereof. Dealing in such assets is now considered a crime, which requires the fulfillment of the general legal elements namely the legal, material, and moral elements along with a special element represented by the subject matter of the crime. The law also provides for penalties ranging from imprisonment to fines.

1) Legal Elements of the Crimes of Dealing in Virtual Assets:

The crimes of dealing in virtual assets requires the presence of the following legal elements:

1.1) The Legal Element :

Given the risks surrounding transactions involving virtual assets especially cryptocurrencies and digital money and the suspicion that they may be used in terrorism financing and money laundering, the Algerian legislator found it necessary to establish a specific legal framework criminalizing such dealings.

Previously, the legislator had prohibited dealing in virtual currencies under Article 117 of Law No. 17-11 of December 27, 2017, the Finance Law for 2018, (Algeria, Official Gazette, 2017) which stipulates:

“The purchase, sale, use, and possession of virtual currency are prohibited.

Virtual currency refers to that used by Internet users over the network, characterized by the absence of any physical backing such as coins, banknotes, or payments made by check or bank card. Any violation of this provision shall be punished in accordance with the applicable laws and regulations.”

Subsequently, in a bold step, the Algerian legislator went further to criminalize dealings in all forms of virtual assets through Article 6 bis of Law No. 25-10, amending and supplementing Law No. 05-01, on the prevention and combating of money laundering and terrorism financing. It provides that:

“It is prohibited to issue, purchase, sell, use, possess, trade in, promote, or establish or operate platforms for the exchange of virtual assets, which are considered property, proceeds, funds, or other assets, or any other equivalent value:

- as a means of payment or as a recognized currency;
- as a means of investment.

The prohibition also applies to activities related to virtual currency mining.”

Accordingly, the legislator prohibits the issuance, purchase, sale, use, possession, trading, or promotion of any form of virtual asset, as well as the creation or operation of trading platforms, recognizing that such assets

represent financially valuable property or proceeds. The law further clarifies that virtual assets, including digital currencies, may not be used as means of payment, recognized currency, or investment instruments.

The legislator, however, limited Article 6 bis to the prohibition itself, specifying penalties in **Article 31 bis** of the same law:

“Without prejudice to more severe penalties provided for in existing legislation, any person who violates the provisions of Article 6 bis of this law shall be punished by imprisonment from two (02) months to one (01) year and a fine ranging from 200,000 to 1,000,000 Algerian dinars, or by one of these two penalties.”

1.2) The Subject Matter of the Crime: Virtual Assets

The subject matter of crimes involving dealings in virtual assets is the virtual assets themselves. The Algerian legislator defined them in Article 4 of Law No. 25-10, amending Law No. 05-01, as follows:

“For the purposes of this law, the following terms shall mean:

- Virtual assets: digital values that can be digitally exchanged or transferred and that may be used for payment or investment purposes.
- Virtual assets do not include digital representations of fiat currencies, securities, or other financial assets.”

This definition was adopted from the **Financial Action Task Force (FATF)**, an intergovernmental body that sets international standards aimed at preventing money laundering and terrorism financing worldwide.

The FATF uses a broad concept of VA to capture the wide range of virtual instruments that can be misused for money laundering, terrorist financing purposes.

Whether an asset falls within this definition depends on its nature and use. This determination may not always be entirely straight forward, not in the least since many basic concepts in the virtual space are still lacking a universally agreed- upon definition. (Nadine Schwarz, 2021, p. 05)

In this sense, " virtual assets" are intended as a: "digital representation of value that can be digitally traded, or transferred, and can be used for payment or investment purposes, Virtual assets do not include digital representations of fiat currencies, securities and other financial assets that are already covered elsewhere in the FATF Recommendations". (Barcellona, 2023, p. 84)

It is interesting to notice that the FATF has very carefully avoided any references to the term "currency", choosing the term "value" instead, and, by including both payment/ exchange and investment purposes, rightly specified that they can be digitally " transferred" or "traded". This choice of words reflects the uncertainties about the multi-faceted nature of virtual assets and their multiple possible functions, bearing in mind that the sectors is evolving towards the integration of this tools in decentralized finance services, such as smart contracts and decentralized applications. (Barcellona, 2023, p. 85)

As a result, Virtual Assets as defined by the FATF notably include: (Nadine Schwarz, 2021, p. 06)

- Both centralized and decentralized assets that are convertible to money or another type of Virtual Assets.
- Mainstream digital assets often referred to as digital currencies or crypto currencies (e.g., Bitcoin, Ethereum, Monero), including those that are pegged (e.g., so-called GSCs, regardless of whether they are commodity-backed (e.g., Digix Gold Tokens), money-backed (e.g., Tether), or cryp- tocurrency-backed (e.g., Synthetix).
- Asset that have been tokenized.

As for virtual assets, they encompass several distinct types, including the following: (LCFLC)

- **Cryptocurrencies:**

A cryptocurrency can be defined as any non-physical (digital) currency whose creation and circulation rely on blockchain technology. It performs the same functions as traditional money, such as purchasing goods, transferring funds, and conducting financial transactions. (Dahshan, 2024, p. 365)

Examples include Bitcoin and Ethereum, which are digital (virtual) currencies that use encryption for security and are not issued or regulated by any central authority. These are virtual units of exchange, and the related transaction data are stored in a digital ledger known as the Blockchain.

Cryptocurrencies can be used for various purposes, including online payments, investment, and as a store of value. (Shadiochallenge, 2024)

A blockchain is a chain of blocks linked together cryptographically. Despite the hype surrounding it, it is simply a data structure that records transactions in a digital ledger that is distributed across many nodes on a network. This provides a transparent, open-source list of every transaction that has ever occurred, albeit without the real-world identities of the people behind the transactions. (Meighan, 2024, p. 61)

Among the most famous digital currencies are:

Bitcoin (BTC), Ethereum (ETH), Binance Coin (BNB), Cardano (ADA), Ripple (XRP), Polkadot (DOT), Solana (SOL), Terra (LUNA), Dogecoin (DOGE), Litecoin (LTC), Tezos (XTZ), Avalanche (AVAX), Chainlink (LINK), Shiba Inu (SHIB), Tether (USDT).

The origin of digital currencies dates back to 1993, when the mathematician David Chaum invented the first encrypted electronic currency. The website Liberty Reserve allowed users to convert U.S. dollars or euros into a digital currency that could be freely exchanged for a small transaction fee. However, the U.S. government shut down the website after discovering that its digital currency was being used for money laundering and terrorism financing. (IMCTC, 2022)

It can be concluded that virtual currencies share several common characteristics, the most important of which are: their reliance on digital technology, their existence exclusively online, and the absence of any physical monetary form. They are also characterized by ease of transfer, speed, anonymity, and low or no transaction fees.

In general, the exchange of virtual currencies takes place through a virtual platform that acts as an intermediary between the buyer and the seller, where these currencies can be exchanged for other assets such as other types of virtual currencies, fiat currencies (government-backed money), or even precious metals like gold. (Dahshan, 2024, pp. 369- 370)

- **Non-Fungible Tokens (NFTs):**

These are unique digital units of value issued by a company or organization on a blockchain platform. NFTs are digital assets that cannot be copied, replaced, or duplicated, and they are used to represent ownership of digital items, such as artworks, sculptures, animations, music, images, and video games. They can also represent collectibles such as sports tickets, concert tickets, or trading cards. NFTs are secure, transferable, and tradable, making them suitable for financial and commercial applications. Artists can use them to sell their artworks more efficiently and ensure that their works are not copied or resold without permission. NFTs can also be used for sending and receiving money and for making online payments through digital payment gateways and wallets such as PayPal, Venmo, Google Pay, Apple Pay, N26, Monzo, Chime, Revolut, and Pyypl, among others. (Shadiochallenge, 2024)

- **Virtual Real Estate:**

Virtual real estate refers to digital properties or spaces within virtual worlds or online platforms. Users can buy, sell, or develop these virtual properties for various purposes, such as gaming, social interaction, or hosting virtual

events. Platforms like Decentraland and The Sandbox allow users to own, trade, and invest in virtual real estate using blockchain technology. (Shadiochallenge, 2024)

- **In-Game Assets:**

These are virtual items, currencies, or resources that players can acquire, trade, or use within video games or online gaming platforms, often referred to as game coins. Such assets can include weapons, characters, virtual currencies like gold or gems, which players use to buy and sell digital items among themselves, creating a virtual in-game economy. In-game assets have real-world value and can be bought, sold, or exchanged on secondary markets or through blockchain-based platforms such as Enjin and Axie Infinity. (Shadiochallenge, 2024)

- **Other Virtual Assets:**

These include bonus points and similar digital assets that are used within specific contexts or platforms.

Considering the cross-border and mobile nature of virtual assets, together with the ever-evolving landscape of Virtual Assets regulations, one of the most problematic issues is represented by their uneven legal status and regulation across jurisdictions. In this respect, international cooperation is crucial to design an effective regulatory framework and to limit and prevent jurisdictional arbitrage, "forum shopping" phenomena, unfair competition: and the exploitation of virtual assets for criminal purposes. (Barcellona, 2023, pp. 121- 122)

1.3) The Material Element:

The material element of the crime requires the presence of its essential components, namely the criminal conduct, the criminal result, and the causal relationship between them.

a. Criminal Conduct:

Crypto-laundering is a crypto-asset specific variant of cyber-laundering involving the laundering of the proceeds of crime through the crypto-asset system. In some cases, the criminal proceeds are generated by real-world criminality such as drug trafficking. This scenario is referred to as 'off- chain' activity as the crime is committed outside the crypto-asset system and the proceeds are subsequently converted into crypto-assets to be laundered. 'On- chain' activity refers to where the proceeds of a wide spectrum of cyber-criminality are received in the form of crypto-assets and are ready to be laundered as they are already in the crypto-asset system and don't require conversion from fiat. (Meighan, 2024, p. 69)

The criminal conduct in crimes related to dealing in virtual assets can take several forms, as defined by Article 6 of Law No. 25-10. These forms include the following:

- **Issuance of virtual assets:**

The legislator has granted the State alone the exclusive right to issue currency and money, and no authority or individual may dispute this right. Just as the State has the authority to regulate public services and impose taxes, it also holds the exclusive power to issue currency. Therefore, any issuance of currency or money, regardless of its nature or form, outside the supervision and control of the State constitutes a violation of public trust, which underpins confidence in official money issued by the State. (Al-Attar, 1993, p. 321)

This conduct involves using specific computer programs capable of performing complex calculations to produce a unit of a virtual currency through mining. Thus, the act of mining represents the creation or issuance of such currency. (Dahshan, 2024, p. 378)

Among all types of virtual assets, digital currencies pose the greatest concern regarding issuance. While the central bank is responsible for issuing physical currency, the virtual issuance of digital currencies commonly known as mining is carried out by "miners." This process is not restricted to any centralized authority or specific individuals; rather, it is accessible to anyone anywhere in the world. (Eddine, 2018, pp. 225- 226)

Dealing in cryptocurrencies or digital money infringes upon the central bank's exclusive right to issue legal tender, by introducing a currency of unknown origin, thereby undermining public confidence in official money issued by the central bank and diminishing its legal tender value. (Ibrahim, 2022, p. 1045)

Furthermore, the danger of issuing cryptocurrencies lies in their lack of backing, since legitimate currency issuance requires a monetary reserve. Unlike official money, which is backed by gold or treasury bonds, digital currencies are created without any reserve coverage. (Ibrahim, 2022, p. 1029)

- **Purchase of virtual assets:**

Purchase refers to the exchange of an item for money, or the acquisition of goods or services in return for a monetary payment in other words, the exchange of money for money with the aim of achieving a benefit.

- **Sale of virtual assets:**

Sale is a transaction between two parties, the first being the buyer (client) and the second the seller (vendor), whereby the buyer obtains a good or service from the seller in exchange for payment. A key feature of sale is the transfer of ownership from one party to another, which cannot occur without compensation.

Thus, sale and purchase are interdependent operations that represent the exchange of money for money between two parties, where the seller transfers ownership of something to the buyer in exchange for a price paid.

- **Use of virtual assets:**

This refers to employing virtual assets in trade, borrowing, or exchange with official currencies, meaning that they are circulated or used in financial operations.

- **Possession of virtual assets:**

In legal terms, possession means having actual physical control over a specific object with the intent to own it in other words, exercising authority over something as if one were its owner, even if not the lawful proprietor. Possession thus has two elements:

- a **material element**, meaning actual control over the object; and
- a **moral element**, meaning the intent to possess or act as owner.

The Algerian legislator criminalizes mere possession of virtual assets in electronic wallets designed for their storage, even if they are not actively traded.

Electronic wallets are the tools individuals use for digital financial transactions, including depositing, withdrawing, and making payments. They function much like containers for storing money. (Dahshan, 2024, p. 384)

Digital wallets are a virtual account that can hold VAs They can be in different forms including hardware wallets, desktop wallets(on a computer/ laptop desktop), online wallets(internet- based cloud storage wallets), mobile wallets (held on smartphones) or printed wallets(held on paper). (Nadine Schwarz, 2021, p. 05)

- **Trading in virtual assets:**

Trading in currencies or money refers to speculative activity conducted through their legal exchange and circulation. (Ibrahim, 2022, p. 1070)

- **Promotion of virtual assets:**

In commercial practice, promotion refers to any communication aimed at influencing people to purchase products or services. Companies generally promote their brands, products, or services by identifying target audiences and finding ways to deliver their message effectively. It is an umbrella term that includes all methods used by a company to enhance the visibility of its products, services, or brand. (Motaber, 2022)

In this context, promotion refers to the offering, advertising, or public display of virtual assets whether cryptocurrencies, digital money, or other forms by presenting their features and advantages, or by placing them into circulation in any manner, such as selling them, using them as payment for goods, lending them to others, or exchanging them for other currencies.

The amount of virtual currency promoted or traded is irrelevant to the existence of the crime. What matters is the act of promotion or offering for circulation, and it is not necessary for an actual sale, purchase, or specific outcome to occur. The mere act of offering or promoting is sufficient to establish the offense. (Ibrahim, 2022, p. 1070)

- **Establishing or operating platforms for trading virtual assets:**

Virtual assets are traded through specialized trading platforms, defined as:

“Digital platforms for listing, trading, and transferring ownership of virtual assets, conducting related clearing and settlement operations, and storing information and data through distributed ledger technology or any similar technology.”

The most well-known virtual asset trading platforms in the world, along with their years of establishment, include:

Binance (2017), Coinbase (2012), Kraken (2011), KuCoin (2017), Bitstamp (2011), Cryptom (2016), HTX (2019), Nexo (2018), BitTrex (2014), Bybit (2018). (LCFLC)

Thus, trading platforms are online websites through which transactions involving cryptocurrencies or digital money are carried out. These transactions may involve selling, offering, exchanging, or using them as payment for goods, or may take the form of promotion, such as advertising, discussing, or explaining how to trade in them, and presenting their features and advantages. (Ibrahim, 2022, p. 1071)

- **Activities related to cryptocurrency mining:**

Mining operations are also responsible for adding new coins to the existing supply. While this may seem similar to printing money, cryptocurrency mining follows a set of embedded programming rules that govern the process and prevent anyone from arbitrarily creating new coins. These rules are built into the core protocols and are enforced by a network of distributed nodes.

The Algerian legislator has criminalized all forms of dealing in virtual assets, including mining and all activities related to it, whether they precede, accompany, or follow the mining process.

b. The Criminal Result:

Most legal scholars and jurists agree that the criminal legislator has chosen to classify crimes that affect the national economy as risk-based offenses, due to their significant impact on undermining confidence in official currencies and money. Therefore, the legislator does not require the occurrence of an actual result for these crimes; rather, the criminalization focuses solely on the conduct itself, without the need for any harmful consequence to materialize. (Ibrahim, 2022, p. 1082)

In crimes related to dealing in virtual assets, the criminal result lies in the risk posed to a legally protected interest. The legislator does not require the existence of actual harm to that interest; instead, the mere threat or potential danger to it is sufficient. The result, therefore, consists of an infringement upon the State's exclusive right and authority to issue currency. The legally protected interest in such crimes is the protection of financial

assets, particularly official money, its stability, and public confidence in its value. There is no doubt that dealing in virtual assets inevitably leads to the weakening of the State's role and its established financial institutions in favor of unofficial and unregulated forms of transactions.

The intended result the legislator seeks to prevent is the erosion of confidence in the banking system and in official currencies issued by the State. Thus, the crime is completed once the offender's conduct infringes upon the State's right to issue currency, regardless of whether any material harm occurred. This type of offense is not a crime of damage, but rather a crime of danger, as it threatens the financial security and stability of the country and encourages the commission of serious offenses such as issuing, trading, promoting, or managing platforms for virtual currencies or electronic money. (Al-Attar, 1993, p. 225)

c. The Causal Link:

It is necessary to establish a causal relationship between the criminal act and the criminal result, meaning that the offender's conduct must be the cause of that result, or that the result must be the direct consequence and effect of the criminal behavior.

1.4) The Mental Element:

The crime of dealing in cryptocurrencies or digital money is an intentional crime, and it cannot occur through negligence or mistake. Therefore, for this crime to be established, the perpetrator must possess both knowledge and will, which together constitute the elements of general criminal intent. The offender must be aware of the material aspect of the act and must have a conscious and deliberate intention to commit the crime, with full knowledge of its legal elements as defined by law.

Accordingly, the offender must be aware that they are dealing in virtual assets in one of the forms specified by the Algerian legislator, namely issuance, purchase, sale, use, possession, trading, promotion, or the creation or operation of trading platforms. They must also know that they are using these virtual assets as a means of payment, recognizing them as currency, or using them as an investment tool, and that their free and conscious will is directed toward engaging in such dealings.

In cases involving cryptocurrency transactions, the offender must also know that they are engaging in mining activities or in activities related to mining, and despite this knowledge, their will must still be directed toward committing the act.

Therefore, this crime does not exist if the accused can prove that they did not know the digital platform they were using was involved in cryptocurrency or digital money transactions. Similarly, the offense is not established against someone who promotes such currency without knowing its true nature, believing it to be a product or service unrelated to currencies or money. (Ibrahim, 2022, p. 1084)

2) Criminal Penalties for the Offense of Dealing in Virtual Assets:

The Algerian legislator considers all crimes related to dealing in virtual assets to be misdemeanors and has established appropriate penalties accordingly. These include both imprisonment and monetary fines.

The prescribed punishment is imprisonment from two (2) months to one (1) year, and a fine ranging from 200,000 DZD to 1,000,000 DZD, or either of these two penalties. This is without prejudice to more severe penalties stipulated in other applicable legislation.

It is worth noting that the legislator did not provide for the confiscation of funds used in committing these crimes. This omission may be due to the fact that such funds are often integrated into intangible, encrypted digital currencies of unknown value, making them difficult to trace or confiscate, especially since these crimes can be committed across borders through online platforms and global internet networks. (Ibrahim, 2022, p. 1093)

– **SECONDLY: REASONS BEHIND THE ALGERIAN LEGISLATOR'S CRIMINALIZATION OF DEALING IN VIRTUAL ASSETS:**

Some economic experts believe that the Algerian legislator decided to prohibit transactions involving digital currencies as a precautionary and preventive measure aimed at protecting the national economy from the risks associated with emerging technologies. This decision stems from the principle of legislative prudence, which characterizes the country's financial and security policies.

Furthermore, the prohibition was also motivated by the difficulty of tracking financial transactions related to digital currencies and their potential use in money laundering and illegal activities financing. Algeria currently lacks effective monitoring mechanisms, and the legal framework governing such technologies remains fragile and underdeveloped.

At the same time, however, Virtual Assets are susceptible to criminal abuse. Some of their features- in particular their varying degrees of anonymity or pseudonymity- raise new challenges for country authorities. Criminals have misused these features to facilitate fraud, theft, money laundering (ML) and terrorist financing (TF), amongst other crimes. (Nadine Schwarz, 2021, p. 01)

Nevertheless, there are also several risks associated with investing in virtual assets, including the following: (Shadiochallenge, 2024)

1) Extreme price volatility:

The value of virtual assets can fluctuate sharply over short periods of time, making it difficult for investors to predict the worth of their holdings. Sudden price drops can lead to substantial losses. The high volatility and relative instability of such currencies harm the economy and may even cause a complete economic collapse if the economy were to depend on them. (Dahshan, 2024, p. 390)

Moreover, since these currencies are not issued or guaranteed by any central bank, which would otherwise regulate and protect their circulation, they are highly exposed to sharp and rapid price fluctuations, and their value could even drop to zero. (Aisha Bouthelja, 2022, p. 119)

2) Security concerns:

Virtual assets are often stored in digital wallets, which makes them vulnerable to theft, fraud, hacking, and other cyberattacks targeting trading platforms. Such incidents can cause investors to lose their assets, resulting in financial losses and damaging the reputation of trading platforms.

3) Lack or absence of legal regulation:

In many countries, dealings in virtual assets are either poorly regulated or not regulated at all, leading to a lack of protection for individuals, companies, and investors. The regulatory environment surrounding virtual assets is still evolving, which creates uncertainty for investors and businesses.

4) Money laundering, terrorism financing, and other illicit activities:

Cryptocurrencies and digital money are criticized for their anonymity and their association with criminal activities, such as money laundering, terrorism financing, and tax evasion. (Ibrahim, 2022, p. 1017)

The secretive nature of such crimes makes their detection and attribution to specific offenders extremely difficult. Transactions occur through encrypted interactions, where neither the parties nor intermediaries are known, making it nearly impossible to link the crime to its perpetrators. (Ibrahim, 2022, p. 1051)

Given the secrecy, decentralization, and global reach of virtual asset trading, these characteristics make it an ideal tool for financing illegal activities, most notably terrorism and money laundering. (Abdel-Ghani, 2024, p. 371)

5) **Infringement on the central bank's right to issue currency:**

Unofficial currencies such as Bitcoin and other cryptocurrencies pose a serious threat to economic security, as they violate the central bank's exclusive authority to issue legal tender. (Ibrahim, 2022, p. 1017)

Dealing in cryptocurrencies or digital money constitutes usurpation of the central bank's right to issue currency through the creation of money from unknown sources, which undermines public confidence in official money issued by the central bank and weakens its legal tender power. (Ibrahim, 2022, p. 1045)

6) **Lack of guarantee:**

There is no reliable guarantor or authority responsible for these currencies that investors can turn to in cases of hacking, theft, or fraud. This makes dealing in such currencies a high-risk activity, as the value of these assets could disappear overnight without anyone bearing legal responsibility for the loss. (Ibrahim, 2022, p. 1020)

Despite all the aforementioned issues, it can be said that dealing in virtual assets has become a tangible reality, forming an essential part of the digital economy. Trends indicate that these transactions are expected to grow rapidly in the future. Large economic entities have already emerged to manage virtual asset trading.

This phenomenon does not seek to replace traditional financial institutions, but rather to integrate and complement them, allowing virtual assets to be used within traditional financial services, such as lending platforms and payment systems. (Abdel-Ghani, 2024, p. 357)

In light of the highly mobile nature of VAs, close and swift cooperation between countries is key. There needs to be a clear legal basis for exchanging information and cooperating, even for countries that have restricted or banned VA-related activities. In some instances, traditional processes such as mutual legal assistance (MLA) requests may be too slow and thus ineffective in a virtual asset context. (VAWG), February 2023)

Conclusion:

In conclusion, we fully concur with the Algerian legislator that virtual assets in all their forms pose a real threat to national financial and economic security and infringe upon the Central Bank's exclusive right to issue the national currency. This justified the legislator's decision to criminalize all dealings involving such assets including their issuance, purchase, sale, use, possession, trade, promotion, or the creation and operation of platforms for their exchange. Consequently, virtual assets cannot be regarded as property, revenues, money, or other assets, nor as any equivalent value that could serve as a means of payment or be recognized as currency, or even used as an investment tool.

Findings:

- Virtual assets are characterized by the speed of their transactions, ease of use, and low operational costs. They are not subject to any central authority, oversight, or restrictions, which ensures both the confidentiality of transactions and the anonymity of those involved.
- Virtual assets are criticized for their anonymous nature and their frequent association with criminal activities such as money laundering, terrorist financing, and tax evasion.
- The absence of an international legal framework regulating virtual asset transactions results in a lack of legal protection for users and undermines public confidence in these assets.
- The risk of manipulation, fraud, and scams in transactions involving virtual assets is notably high.

Recommendations:

- It is essential to **increase the penalties** imposed for crimes related to virtual asset transactions, in proportion to the seriousness of their various forms and the negative effects they have on the national economy and monetary system.

- There is a need for **international coordination and cooperation** in combating virtual asset transactions, especially cryptocurrencies, to facilitate the collection of criminal evidence and tools used in offenses involving these assets.

Research should be conducted into the **possibility of establishing an international central bank** similar to national central banks to oversee, regulate, and ensure the safety of transactions involving digital or encrypted currencies.

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Methodology

This research adopts a descriptive-analytical legal approach supported by a comparative method. The descriptive aspect focuses on examining the conceptual and legal framework of virtual assets and digital currencies as addressed in Algerian legislation. The analytical component investigates the rationale behind the criminalization of virtual asset dealings under Law No. 18-04 and related penal provisions, interpreting their scope and implications for financial and technological practices. Furthermore, the study integrates a comparative legal analysis by referencing international conventions and selected foreign legal systems that have addressed similar challenges, such as the European Union, the United States, and neighboring Arab countries. Legal texts, doctrinal sources, and official statements from regulatory authorities were systematically reviewed to provide a comprehensive understanding of the legislative approach adopted by Algeria.

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Conflict of Interest

The author declares no conflict of interest related to the publication of this article. All views, interpretations, and conclusions expressed herein are solely those of the author and do not necessarily reflect the official position of the affiliated institution.

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