

Top India Bitcoin operator halts trade after bank warning

NEW DELHI, INDIA: India's biggest Bitcoin trading platform said on its website Friday it had suspended operations after the central bank warned against the risks of using virtual money.



New Delhi skyline. (Image: [Planemade](#), via Wikimedia Commons)

BuySellBitCo.in closed its platform, citing an advisory by the Reserve Bank of India issued on Christmas Eve highlighting the risks of trading in digital currencies.

"We are suspending buy and sell operations until we can outline a clearer framework with which to work," BuySellBitCo.in said on its website, adding that the move was "to protect the interest of our customers".

The central bank's warning comes after Bitcoin, which can be stored either virtually or on a user's hard drive and offers a largely anonymous payment system, had begun gaining popularity in India.

The emergence of Bitcoin and other virtual currencies in India has come despite a traditional preference for assets backed by property and other tangible goods.

"There is no underlying or backing of any asset for virtual currencies and as such their value seems to be a matter of speculation," the central bank said in its 24 December advisory.

The "huge volatility in the value of virtual currencies has been noticed", it added.

The central bank stopped shy of issuing a ban or any curbs on Bitcoin or other virtual currencies. However, because the currencies were not authorised by any central bank or monetary authority there was no established recourse for customers in the case of problems, it said.

The move comes weeks after the People's Bank of China ordered financial institutions not to provide Bitcoin-related services and products and cautioned against its potential use in money laundering.

Bitcoin was invented in the wake of the global financial crisis by a mysterious computer guru using the pseudonym Satoshi mNakamotoby.

At the last rate posted by BuySellBitCo.in, which was conducting about 12 million rupees worth of Bitcoin transactions monthly, according to Indian media, one Bitcoin was selling for 48,039 rupees (US\$776).

The dollar worth of a Bitcoin has rocketed from just cents in 2010 to a US\$1,200 peak in early December, but has since fallen back.

Source: AFP, via I-Net Bridge

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