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Should Gambling Regulation Rules Apply to Crypto?

By: www.ProfitableInvestingTips.com

The EU is putting in place the toughest and most comprehensive crypto regulations so far. Meanwhile, across the English Channel, the Brits are discussing regulating crypto as well. A novel proposal in the UK is that crypto should be regulated by the same folks who regulate gambling in Great Britain and be subject to the same rules. Should gambling regulation rules apply to crypto? Concerns voiced so far about this suggestion are not that it is not appropriate. Rather the problem is that the UK Gambling Commission only has about 300 employees while the Financial Conduct Authority has about 3,000 making it more capable of dealing with the crypto world.

How Might Gambling Rules Help Crypto?

Gambling venues in the UK are obliged to deal with under-age and problem gamblers as well as money laundering and tax evasion issues. Crypto advertisers would have to publish data such as estimates that more than eighty percent of people who got into crypto from 2015 to 2022 lost money. Proponents of this approach say that regulating crypto through the Financial Authority gives it the appearance of respectability while regulating via the Gambling Commission would highlight the risks. The point is that [crypto lost its way](#) in many ways. A system meant to facilitate online financial transactions without the interference of middlemen became a place for financial speculation where a 21st century breed of robber barons emerged.

Crypto Winter and the Loss of Trust in All Things Crypto

Complete [crypto market recovery](#) is unlikely until trust in the system is restored. This includes not only investing in tokens like Bitcoin but parking money in stablecoins and using DeFi as well. Simply bunching crypto together with gambling businesses has the sound of a good idea but not the substance. Crypto does need regulations that are firm and clear. Shenanigans like those at FTX, where they played fast and loose with customer funds, need to be controlled. Likewise, market manipulation with tactics like [Bitcoin wash trading](#) needs to stop.

It took crypto winter losses to make many crypto investors acknowledge the risks of a highly volatile crypto market and increasing centralization of a supposedly decentralized system. A properly regulated crypto niche will attract and keep investors who demand the same level of regulatory attention as traditional markets for stocks, bonds, commodities, futures, options, and foreign currencies.

Useful Aspects of the Crypto Gambling Regulation Suggestion

We wrote about how endorsements of crypto by celebrities mislead naïve investors. A useful crypto regulation to impose on advertising would be full disclosure of how many winners and losers there are in the crypto world. Rather than [suing celebrities for crypto losses](#) after the fact, it might be useful to require full disclosure up front. What is the financial background of the celebrity pitching crypto? How much do they have invested in

tokens? How much are they being paid? What are the specific gain and loss numbers for individuals who invest in the crypto entity being promoted? This sort of “full disclosure” advertising would help separate solid crypto investments in competent and reliable companies from others. New crypto tokens using AI (artificial intelligence) as part of their name when they have nothing to do with this new technology come immediately to mind.

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