Чужиков Андрій, д.е.н., доцент, професор

кафедри Європейської економіки та

бізнесу, Київський національний

економічний університет імені Вадима

Гетьмана. 0000-0002-0312-1655

Ткачук Юрій, аспірант

кафедри Європейської економіки та

бізнесу, Київський національний

економічний університет імені Вадима

Гетьмана. 0000-0002-0312-1655

MULTILEVEL REGULATION OF THE CRYPTOCURRENCY MARKET IN THE EU

The current state of the currency market in the European Union is the subject of numerous scientific discussions, driven by the increasing significance of cryptocurrencies and well-known blockchain operations, the intensity of which grows year after year. The situation is further complicated by the fact that the modern EU has its own monetary hierarchy, which encompasses national currencies, the Eurozone, and the global monetary space, as well as multi-structural regulatory systems. [1] This multi-year model was established by the European community to ensure price stability, maintain an adequate standard of living for citizens, and develop the continental market, where abuses are unacceptable. Thus, we are talking about a market that prevented devastating sectoral shocks. Undoubtedly, cryptocurrencies, which have essentially "intruded" into the relatively stable currency environment of the EU, have brought significant advantages (additional investments, their free movement, and massive monetary flows), but equally striking risks (potential financing of terrorist and criminal organizations, the formation of uncontrolled armies, and so on). [2]

Naturally, the concerns of the EU and its independent body, the European Central Bank (ECB), eventually led to the development and implementation of a range of preventive measures. This includes numerous decisions by the European Parliament (EP). In 2018, a resolution was approved, which called for strict regulation of cryptocurrencies and blockchain technologies, as well as the prevention of illegal operations and investor protection. [3] However, in May 2021, the same institution adopted an entire package of laws that included mandatory reporting of all transactions, regulatory positions, and the creation of a European cryptocurrency that would be closely harmonized with European monetary policy.

In September 2021, the European Commission initiated consultations on the establishment of the European Digital Currency Space, marking the beginning of the implementation of the "Digital Euro" project. [4] This fundamentally new currency will enable simplified payment operations, enhance the competitiveness of the European economy, protect consumer rights, and ensure overall economic and social stability among EU member states.

However, it has not been as straightforward, as alongside the pan-European regulatory system, there also exists national regulation that encompasses robust country-specific mechanisms and tools. For example, in Germany, cryptocurrencies are recognized as real financial instruments. [5] The government's decision in this country allows for the storage and buying/selling of cryptocurrencies. On the other hand, France has implemented its own regulation for cryptocurrency activities and has actively supported the development and implementation of a European counterpart. Meanwhile, certain countries like Bulgaria and Romania are still in the early stages of creating their own currency relationship systems, harmonizing them, and conducting monitoring. [6]

October 2021 was marked by an important event in the monetary life of the EU, as the ECB announced the launch of its own stablecoin based on the Ethereum blockchain. It was named EUR CV. However, by April 2023, leading experts were already referring to it as inferior to all existing counterparts. [7] We hypothesize that new currencies of various modifications will not always prioritize facilitating interbank payments and reducing transaction costs. In our opinion, the main topics for discussing future currency relations should be:

• Justification of changes in exchange rate differentials between real and digital currencies.

• Identification of real actors in the currency market, their positioning, and scaling.

• Conducting intergovernmental monitoring of digital currency flows in the global financial space.

• Harmonization of currency policies among the world's major countries.

• Development of blockchain tools and targeted currency flow packages aimed at supporting terrorism, financing illegal entities, and other unlawful activities within the EU, which contradict existing and prospective regulatory models.

In our opinion, the modern European Union has sufficient resources to avoid many risks associated with the diversification of the cryptocurrency market.

**References**

1. CoinTelegraph. (2021). "Societe Generale Launches Euro-Pegged Stablecoin on Ethereum." [Онлайн]. Доступно: <https://cointelegraph.com/news/societe-generale-launches-euro-pegged-stablecoin-on-ethereum>. [Дата доступу: 04.06.2023].
2. European Central Bank. (2021). "The EU Crypto-Asset Markets." [Онлайн]. Доступно:<https://www.ecb.europa.eu/pub/pdf/other/ecb.rp252021_the_eu_crypto_asset_markets~c91e76a3c3.en.pdf>. [Дата доступу: 04.06.2023].
3. Global Banking & Finance Review. (n.d.). "Cryptocurrencies in the European Union: Regulation and Compliance." [Онлайн]. Доступно: <https://www.globalbankingandfinance.com/cryptocurrencies-in-the-european-union-regulation-and-compliance>. [Дата доступу: 04.06.2023].
4. Reuters. (2021, July 20). "EU proposes new authority to crack down on money laundering, crypto risks." [Онлайн]. Доступно: <https://www.reuters.com/technology/eu-proposes-new-authority-crack-down-money-laundering-crypto-risks-2021-07-20>. [Дата доступу: 04.06.2023].
5. Lexology. (n.d.). "Cryptocurrency Regulation in the European Union." [Онлайн]. Доступно:<https://www.lexology.com/library/detail.aspx?g=f2ee032b-8a8b-43d4-a10c-cf7b48b7154f>. [Дата доступу: 04.06.2023].
6. CNBC. (2021, July 20). "EU looks to tighten rules on cryptocurrencies such as bitcoin, Ethereum." [Онлайн]. Доступно: <https://www.cnbc.com/2021/07/20/eu-looks-to-tighten-rules-on-cryptocurrencies-such-as-bitcoin-ethereum.html>. [Дата доступу: 04.06.2023].
7. Blockonomi. (n.d.). "Crypto Regulation in Europe: A Comprehensive Guide." [Онлайн]. Доступно: <https://blockonomi.com/crypto-regulation-in-europe/>. [Дата доступу: 04.06.2023].