

# CRYPTOCURRENCY: IS IT BECOMING A REALITY FOR ALBANIA?

Kostandin Nasto<sup>\*</sup>, Junada Sulillari<sup>\*</sup>

<sup>\*</sup> Fan S. Noli University, Korca, Albania



**How to cite:** Nasto, K., & Sulillari, J. (2021). **Received:** 21.10.2021

Cryptocurrency: Is it becoming a reality for Albania? **Accepted:** 27.10.2021

In K. M. Hogan, & A. Kostyuk (Eds.), *Corporate* **Keywords:**

*governance: Fundamental and challenging issues in* Cryptocurrency, Bitcoin,  
*scholarly research* (pp. 95–100).

<https://doi.org/10.22495/cgfcisrp16>

Investment, Risk, Return,

Legal Framework

**JEL Classification:** E6,

K2, O3, G3

**DOI:** 10.22495/cgfcisrp16

Copyright © 2021 The Authors

## Abstract

The aim of this study is to realize an analysis of cryptocurrencies in Albania. Cryptocurrencies have experienced tremendous changes in the last years, and have often been the subject of debates. Albania is one of the countries in which seems really difficult to have the opportunity of using cryptocurrencies as a payment tool, or as an investment alternative. Throughout this investigation, we will treat some of the main difficulties and challenges of the cryptocurrency market in Albania. As the study reveals, it seems that it has not been easy for Albanian investors to use cryptocurrency as an investment alternative, or use cryptocurrency as a payment tool. Anyway, what we can emphasize is the fact that we can see some positive steps in this direction. Even though it seems a slow process, the removal of some legal restrictions related to cryptocurrencies reflects the “break” of the “walls” that were serving as a barrier for them in Albania. Only the future can show this, so the only thing that we can do is to wait for it.

## 1. INTRODUCTION

The world in which we live nowadays has changed significantly in comparison with the one that we used to live in decades before. Technology is one of the means that has given the greatest help in facilitating people’s life, and the pandemic situation of COVID-19 has proved how much it can be useful to people even in such a difficult time.

Everything, from our daily routine to our working habits, our investing choices, the way in which businesses, the payment tools, etc. operate, has changed significantly.

Cryptocurrencies are one of the innovations of the last years. Cryptocurrencies are considered virtual/digital currency that uses cryptography and has all the necessary security elements to avoid counterfeit. The usage of cryptocurrency as a payment tool has increased significantly, and it seems that the perception of cryptocurrencies as a "strange" tool has faded and it has already become a reality for many countries (Socol, 2020).

Cryptocurrencies have attracted a lot of attention, due to the increase of their importance and the significant role that they have, the role that seems to have become even more significant lately. This is one of the main reasons that has inspired us to make deeper research in order to see how is the market of cryptocurrency is functioning in Albania.

## 2. LITERATURE REVIEW

The issue of cryptocurrencies has attracted the attention of many people, due to the significant changes of the last years. Below we are making a summary of some of the main facts revealed by the literature review related to the topic.

Moid and Jain (2019) emphasize the impact that decentralization, the low cost of transactions, anonymity, and especially the use for illegal transactions have had on the demand for Bitcoin. They also reveal the high level of risk that it has, and emphasize the usage of Bitcoin as a means to avoid currency controls or tax evasion.

Sun, Dedahanov, Shin, and Kim (2020) discovered that personal innovativeness is one of the factors that has a great impact on the perceived risk, as well as switching intention. Those individuals that possess more innovativeness tend to risk more and tend to choose more investing in cryptocurrencies.

Lekashvili and Mamaladze (2018) revealed that Georgia has found some difficulties in developing the adequate policies needed to regulate the cryptocurrency market. They evaluate that cryptocurrencies may serve as a threat for central banks, which may make it more difficult for central banks to implement the monetary policy.

Socol (2020) found out that like everything new/innovation, also cryptocurrency is seen with skepticism in the beginning. It seems that this first impression of seeing cryptocurrencies as "utopia" has faded, since they have already become a means widely used by many individuals, organizations, financial institutions, etc.

### 3. AIMS AND METHODOLOGY

The aim of this research is to realize an analysis of cryptocurrency in the case of Albania, in order to reveal some of the main difficulties that Albanian investors have had in choosing cryptocurrency as an investment alternative. Our analysis will be based on secondary information, which will mainly be collected from the governmental institutions in Albania, from investment platforms dedicated to cryptocurrency, etc. This investigation consists of descriptive analysis and makes a combination of qualitative and quantitative analysis.

Some of the objectives of this research are:

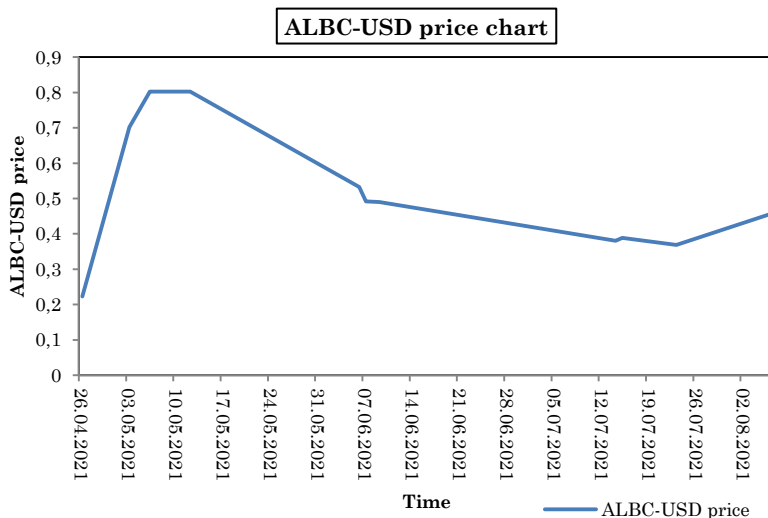
- to analyze the challenges that Albanian investors have faced in investing in cryptocurrencies;
- to reveal the risks and benefits that may accompany the usage of cryptocurrencies;
- to reveal the phase in which the cryptocurrency market is in Albania and make a prediction about the developments in the future.

### 4. CRYPTOCURRENCY INVESTING IN ALBANIA

#### 4.1. An overview of the cryptocurrency market in Albania

As previously mentioned, Albania is quite delayed in comparison with other countries in introducing cryptocurrencies. The first Albanian cryptocurrency, AlbCoin, was created in 2021. Other Albanian cryptocurrencies include AlbPayCoin and KosovaCoin. They come from different blockchains and can be bought and become part of the investment portfolio of the individuals. AlbCoin operates in the network of Ethereum and xDai, which are evaluated to be safer and more transparent on their transactions in comparison with Bitcoin.

AlbCoin come out in the market only after a three-year working period of the team who founded it. One of the factors that have impacted this long process has been the significant amount of the financial capital needed because possessing only the necessary knowledge is not enough to enter this market. The low level of knowledge of the individuals about this market has also had an impact on the level of usage of cryptocurrencies. This is reflected in the cases of fraud that have been discovered. There have been cases of individuals that were acting as cryptocurrency investors, and after having collected a significant amount of money from individuals got disappeared. The low number of transactions done reflects the fact that Albania is in its first steps of introducing cryptocurrency.

**Figure 1.** AlbCoin price in dollars 26.04.2021–02.08.2021

Source: Moonstats (<https://www.moonstats.com/>).

As the above figure shows, there is a tendency to increase the prices of AlbCoin, but it is insignificant if we compare it with some of the well-known cryptocurrencies. A major factor that has caused the delayed entrance of Albania into the cryptocurrency market is dedicated to the legal restrictions. Albanian government has been quite hesitating in approving it as a way to protect the economy as well as the citizens from the high risk that accompanies them. Another factor that might have impacted it is the fact that Albania has already had a negative experience with the pyramid scheme, which had a great negative impact on Albanian economy and society. This experience from the past has strengthened this protective attitude of the government, in order to avoid experiencing a similar situation to the pyramid scheme.

For those individuals that have been interested in investing in cryptocurrencies, it has not been easy, even now that they have received the legal approval. There are banks that don't allow their clients to make payments related to cryptocurrency investing. There are also ATMs as a possible way of buying it, but you cannot find an ATM in Albania or even Paypal that is also used as a payment method that does not offer its service for Albania. Albania seems to be the third country in Europe that approves them. One of the problems that arise is the one related to the regulatory framework, which seems not to be ready to get adapted to it. The potential that these virtual currencies can be used for money laundering makes them a tool with a high level of risk.

## 4.2. Benefits and risks of investing in cryptocurrency

We have constantly mentioned that cryptocurrency has faced several obstacles that have prevented the penetration of the Albanian market earlier. Let us stop for a moment. Is it worth investing in cryptocurrencies or not?

There are some benefits from investing in cryptocurrencies. One of the main advantages is the opportunity of high earnings. Some of the existing investment opportunities in the country in the last years have experienced deterioration in terms of earnings, which might have pulled investors towards seeing cryptocurrency investing. The decrease of the interest rates to the lowest level possible in Albania has transformed deposits into an investment opportunity that is not worth it.

When talking about the risks of cryptocurrencies, we can mention the fact that there is no regulatory authority in this market, which can offer security for investments. If we take into consideration the fact that Albania is a developing country, with a relatively low level of average income, cryptocurrency investing may serve as an important source of income. It also gives individuals the opportunity to participate in global opportunities, which is something positive as well.

## 5. CONCLUSION

What we can say at the end of our analysis about the cryptocurrency market in Albania is that maybe the fact that Albania is not a developed country, combined this with the negative experience that the country has had in the past with the pyramid scheme, makes quite difficult to get adapted to it. Despite the low level of knowledge about virtual currencies, and other obstacles, it is important to mention the fact that the country has undertaken the first initiatives to welcome them.

Of course that there are risks related to them as well as benefits from using them that need to be analyzed carefully. Our analysis revealed that even though developing countries tend to fear accepting these innovative solutions, the side of the benefits suggests that they should be allowed to be used. Momentarily, is highly debated the fact that cryptocurrencies might be the next bubble, which might have tremendous causes in the world.

In the end, we can say that if initially the cryptocurrency concept seemed to be an abstract and strange one, slowly it seems that it is on the right path for becoming a reality for Albania like it has already been for many other countries.

---

## REFERENCES

1. Ajaz, T., & Kumar, A. S. (2018). Herding in crypto-currency markets. *Annals of Financial Economics*, 13(2), 1–15. <https://doi.org/10.1142/S2010495218500069>
2. Anker, A. (2020). Debugging IRS Notice 2014–21. Creating a viable crypto currency taxation plan. *Brooklyn Law Review*, 85(3), 883–912. Retrieved from <https://brooklynworks.brooklaw.edu/blr/vol85/iss3/7/>
3. Botoș, M. H. (2017). Bitcoin intelligence — Business intelligence meets crypto currency. *CES Working Papers*, 9(3), 488–505. Retrieved from [https://ceswp.uaic.ro/articles/CESWP2017\\_IX3\\_BOT.pdf](https://ceswp.uaic.ro/articles/CESWP2017_IX3_BOT.pdf)
4. Delfabbro, P., King, D. L., Williams, J. (2021). The psychology of cryptocurrency trading: Risk and protective factors. *Journal of Behavioral Addictions*, 10(2), 201–207. <https://doi.org/10.1556/2006.2021.00037>
5. Lekashvili, E., & Mamaladze, L. (2018). Crypto currency — A new challenge for the economy of Georgia. *Copernican Journal of Finance & Accounting*, 7(4), 87–97. <https://doi.org/10.12775/CJFA.2018.022>
6. Maliuzhenko, M. (2015). Crypto-currency peering as an investment instrument. *Quantitative Methods in Accounting and Finance*, 375, 63–69. <https://doi.org/10.15611/pn.2015.375.07>
7. Moid, S., & Jain, S. (2019). The economics of digital currency: World of crypto currency. *Adhyayan: A Journal of Management Sciences*, 9(1), 1–14. Retrieved from <https://smsjournals.com/index.php/Adhyayan/article/view/2082>
8. Molchanova, E., & Solodkovskyy, Y. (2014). Global service nature of contemporary crypto-currencies. *Journal of International Economic Policy*, 20, 56–73. Retrieved from [http://iepjournals.com/journals\\_eng/20/2014\\_4\\_Molchanova\\_Solodkovskyy\\_eng.pdf](http://iepjournals.com/journals_eng/20/2014_4_Molchanova_Solodkovskyy_eng.pdf)
9. Nair, D. A. (2019). The bitcoin innovation, crypto currencies and the Leviathan. *Innovation and Development*, 9(1) 85–103. DOI: <https://doi.org/10.1080/2157930X.2018.1502249>
10. Socol, A. (2020). Cryptocurrencies between utopia and reality. *Annals — Economy Series*, 5, 200–207. Retrieved from [https://www.utgjiu.ro/revista/ec/pdf/2020-05/23\\_Socol.pdf](https://www.utgjiu.ro/revista/ec/pdf/2020-05/23_Socol.pdf)
11. Sun, W., Dedahanov, A. T., Shin, H. Y., & Kim, K. S. (2020). Switching intention to crypto-currency market: Factors predisposing some individuals to risky investment. *PLoS ONE*, 15(6), e0234155. <https://doi.org/10.1371/journal.pone.0234155>
12. Uyduran, B. (2020). The crypto effect on cross border transfers and future trends on cryptocurrencies. *Financial Internet Quarterly*, 16(4), 12–23. <https://doi.org/10.2478/fiqf-2020-0024>