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Establishing a Legal Framework to Combat Crimes Related to Digital Currencies in Vietnam

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Abstract
Digital currencies are experiencing significant growth both globally and in Vietnam. While they offer numerous opportunities and benefits, they also pose considerable risks related to criminal activities—particularly money laundering, terrorist financing, fraud, and financial deception. Establishing a clear and comprehensive legal framework to prevent and prosecute such crimes is essential, especially as Vietnam currently lacks detailed regulations to address digital currency-related offenses. Challenges persist in areas such as transaction monitoring, cybersecurity, and inter-agency coordination among state bodies (e.g., the State Bank of Vietnam, Ministry of Public Security, and Ministry of Justice). In contrast, jurisdictions such as the European Union, the United States, and Singapore have already adopted robust legal frameworks governing digital currencies. This article analyzes Vietnam's current legal landscape and the challenges it faces in combating crimes associated with digital currencies. It also proposes legal solutions for developing a comprehensive regulatory framework, drawing on comparative legal analysis and the current status of digital currency regulation in Vietnam.

Keywords: Digital Currency, Electronic Money, Virtual Currency, Cryptocurrency, Criminal Offenses, Legal Reform

1. Introduction

In the era of digital transformation, the rapid proliferation of digital currencies—including electronic money, virtual currencies, and cryptocurrencies—has fundamentally altered financial ecosystems around the world. While offering significant potential for innovation and financial inclusion, digital currencies have also given rise to new and complex legal challenges, particularly in the realm of criminal activity. Globally, crimes involving digital currency, such as money laundering, terrorism financing, fraud, cyber theft, and tax evasion, have surged, drawing increasing attention from regulators and law enforcement agencies.

In Vietnam, the growth of digital currency use has outpaced the development of corresponding legal frameworks. Despite the widespread adoption of digital assets and substantial transaction volumes, Vietnam lacks comprehensive regulations that define the legal nature of digital currencies or provide robust mechanisms to prevent and prosecute crimes associated with them. Criminal activities involving digital currencies have become increasingly sophisticated, highlighting regulatory gaps and jurisdictional inconsistencies.

Compared to advanced legal systems such as those of the European Union, the United States, and Singapore—which have implemented clear rules on digital asset classification, anti-money laundering (AML) obligations, and oversight of cryptocurrency exchanges—Vietnam remains at a preliminary stage. Regulatory ambiguity has made it difficult for law enforcement to investigate offenses, for courts to issue consistent judgments, and for investors to be adequately protected.

This paper aims to (i) analyze the current legal landscape of digital currency in Vietnam, (ii) identify specific legal and enforcement challenges, and (iii) propose concrete legal solutions for establishing a comprehensive regulatory framework. Drawing on international best practices and the Financial Action Task Force (FATF) recommendations, this study highlights the urgent need for Vietnam to modernize its legal system to combat emerging digital currency-related crimes effectively.

2. Materials and Methods

This study employs a doctrinal legal analysis combined with comparative and normative approaches to evaluate the adequacy of Vietnam's current legal framework in addressing crimes related to digital currency. The research begins with a thorough examination of Vietnam's existing legal documents, including the 2015 Penal Code (as amended in 2017), the 2022 Law on Anti-Money Laundering, and Decree No. 52/2024 on non-cash payments. In addition, relevant court decisions and draft legislation are analyzed to understand how the legal system currently interprets and responds to crimes involving digital currencies.

To illustrate the practical challenges posed by the lack of legal clarity, the study conducts detailed analyses of specific criminal cases in Vietnam. These case studies involve offenses such as fraud, robbery, and money laundering carried out using or targeting digital currencies like Bitcoin. By examining how these cases were handled by investigative authorities and courts, the research highlights critical legal and procedural shortcomings that hinder effective law enforcement.

A comparative legal analysis is also employed to draw lessons from international experiences. Legal frameworks from jurisdictions such as the European Union (the EU), the United States (the US), Switzerland, South Korea, and Singapore are reviewed to identify successful regulatory practices and enforcement mechanisms. International instruments and standards, especially the FATF's Recommendations and the EU's Markets in Crypto-Assets (MiCA) Regulation, are studied for their relevance and adaptability to the Vietnamese context.

Based on the findings from the doctrinal and comparative analyses, the study develops a normative framework proposing necessary legal reforms. These reforms are aimed at clarifying the legal status of digital currencies, enhancing state control over cryptocurrency exchanges, and strengthening Vietnam's capacity to prevent and prosecute related criminal acts. The research also emphasizes the importance of aligning national legislation with international standards to facilitate cooperation in the fight against cross-border cybercrime and financial offenses.

The study draws on secondary data from a wide range of sources, including government reports, academic publications, and materials from international organizations such as the International Monetary Fund (IMF), FATF, the European Union Agency for Law Enforcement Cooperation (Europol), and the World Bank. These sources provide context and support for the study's recommendations and help ensure that the proposed legal framework is grounded in both theoretical insight and practical experience.

3. Results and Discussions

3.1 Overview of Digital Currency and Related Criminal Activities

In the era of rapid technological advancement, terms such as 'electronic money', 'virtual currency', 'cryptocurrency', and 'digital currency' have emerged to describe new forms of value used in exchange. Clearly defining and distinguishing these concepts is essential for determining their legal status and the regulatory requirements governing their issuance and use.

'Electronic money' (e-money) is a term officially recognized in many international legal with the definition of "a digital alternative to cash, allowing users to make non-cash payments stored on cards, phones or over the internet"[1] or "is an electronically (including magnetically) stored monetary value issued upon receipt of money, used for the purpose of making payment transactions, accepted as a means of payment by persons other than the issuer"[2]. The FATF also defines "electronic money as a digital representation of legal tender that is used to transfer value denominated in legal tender electronically."[3] Thus, e-money is simply legal tender in digital form.

Historically, money existed in physical form, such as coins and paper currency. Exchanging physical money required the geographical proximity and physical presence of the parties involved. Since the 1960s, advancements in computing and telecommunications have enabled the storage of electronic records, allowing governments and financial institutions to maintain ownership records digitally. As a result, e-money has emerged as an alternative to traditional physical currency.[4]

'Virtual currency' is a concept that must be distinguished from both real money and electronic money as mentioned above. It is commonly defined as "a digital representation of value that can be traded digitally and used as a means of exchange and storage but does not have the status of legal currency".[5] A study by IMF also affirms that "virtual money is issued by private developers and listed in separate units... and used for many purposes that the parties to the transaction agree to use"[6]. As such, virtual currencies are not issued or guaranteed by any jurisdiction and function solely through agreements within the virtual currency user community. In another study, the European Central Bank (ECB) defined virtual currencies as "a digital representation of value, not issued by a central bank or financial institution, that can be used as a substitute for real money"[7]. It can be seen that the ECB has recognized the encroachment of virtual currencies into the real-money environment and acknowledged that digital forms used for exchange and payment are increasingly accepted as substitutes for legal tender. With such a broad scope, 'virtual currency' is not limited to the traditional concept of money but can also encompass other forms issued by organizations, such as

[1] Directive 2009/110/EC of the European Parliament and of the Council of 16 September 2009 on the admission, monitoring and prudential supervision of the business activities of electronic money institutions amends Directives 2005/60/EC and 2006/48/EC and repeals Directive 2000/46/EC.

[2] Article 2 of the UK Electronic Communications Regulations, https://www.legislation.gov.uk/uksi/2011/99/2011-02-10, accessed on March 10,2025

[3] FATF, *Virtual Currencies Key Definitions and Potential AML/CFT Risks*, 2014, p. 4.

[4] Cambridge Digital Assets Programme at Cambridge Centre for Alternative Finance, *Considering Digital Assets* for Humanitarian Cash-Based Transfers, Initial Scoping Study, 2023, p. 15.

[5] FATF, op. cit., p.4.

[6] Dong He, Karl Habermeier, Ross Leckow, Vikram Haksar, Yasmin Almeida, Mikari Kashima, Nadim Kyriakos-Saad, Hiroko Oura, Tahsin Saadi Sedik, Natalia Stetsenko, Concepcion Verdugo-Yepes, *Virtual Currencies and Beyond: Initial Considerations*, IMF staff discussion note, 2016, p.7.

[7] European Central Bank, Virtual currency schemes a further analysis, 2015, https://www.ecb.europa.eu/pub/pdf/other/virtualcurrencyschemesen.pdf, accessed on March 10, 2025.

coupons or vouchers for phone or internet services, or airline bonus miles.

'Cryptocurrency' is a concept associated with the advent of blockchain technology, whereby digital assets are created (or mined) by non-bank entities and issued on the blockchain with their own units of account (such as Bitcoin, Ethereum, Ripple, etc.). These are not forms of currency issued or guaranteed by any state authority. Thus, cryptocurrencies can also be considered a form of virtual currency when they do not have the status of legal tender.

'Digital currency', in its broadest sense, encompasses all of the above forms. It includes: (1) digital forms of fiat currency issued and backed by central banks or financial institutions (i.e., e-money); and (2) digital currencies that do not have legal tender status, typically developed by private entities and not subject to state control (i.e., virtual currencies). For the purposes of this article, the term 'digital currency' is used in this broad sense, encompassing both categories, while the terms 'e-money' and 'virtual currency' are used to distinguish between the two.

Due to their digital nature, digital currencies enable fast, high-value transactions. This makes them not only attractive targets for criminal activities but also effective tools for committing crimes. Decentralized digital currencies like Bitcoin and Ethereum are particularly popular because of their borderless and anonymous transaction features. However, these same characteristics create opportunities for criminal activities such as:

Money laundering: Digital currencies facilitate transactions without requiring direct identification, making them ideal tools for money laundering. Criminals can convert illicit funds into cryptocurrency, then reconvert them into fiat currency or other assets, effectively obscuring the origin of the funds. According to a 2021 FBI report, losses from cryptocurrency-related crimes in the United States exceeded $4.6 billion, with many cases involving money laundering.[8] One notable example is the conviction of the operator of the Helix Darknet cryptocurrency "mixer" for conspiring to launder hundreds of millions of dollars, as reported by the U.S. Attorney's Office for the District of Columbia.[9]

Fraud and scams: The promise of high returns and the lack of oversight have made digital currencies a prime target for scams, such as Ponzi schemes,[10] fake initial coin offerings (ICOs),[11] and "rug pulls" in the decentralized finance (DeFi) sector[12]. One prominent example is the OneCoin case—a Ponzi scheme that cost investors more than $4 billion when it collapsed in 2017. Its founder, Ruja Ignatova, is now on the FBI's Most Wanted list.[13] More recently, the collapse of the FTX exchange in November 2022, followed by fraud charges against founder Sam Bankman-Fried, exposed billions of dollars in losses, underscoring the urgent need for a robust regulatory framework.[14]

Hacking and theft: The decentralized nature of digital currencies means that, once stolen, funds are often irretrievable. Hackers frequently target personal wallets and exchanges to steal cryptocurrency.[15] The 2014 Mt. Gox hack resulted in the loss of approximately 850,000 Bitcoins, worth billions of dollars at current prices. According to Chainalysis' 2025 report, hackers are projected to steal billions of dollars in cryptocurrency by 2024, significantly surpassing the previous year's figures.[16]

Tax evasion: Digital currencies can be used to evade taxes due to limited reporting requirements and high anonymity. In 2024, a prominent Bitcoin investor was indicted in the US for tax fraud involving undeclared crypto holdings. [17] Taxation of digital currency remains complex because of jurisdictional inconsistencies and the global nature of these assets.

Recognizing the challenge, international organizations and governments are taking action to prevent crimes involving digital currencies. The FATF has issued guidance requiring

[8] Federal Bureau of Investigation (FBI*), Internet Crime Report 2021*, 2021, https://www.ic3.gov/Media/PDF/AnnualReport/2021_IC3Report.pdf, accessed on March 14, 2025.

[9] U.S. Attorney's Office, District of Columbia, *Operator of Helix Darknet Cryptocurrency 'Mixer' Sentenced in Money Laundering Conspiracy Involving Hundreds of Millions of Dollars,* 2024, https://www.justice.gov/usao-dc/pr/operator-helix-darknet-cryptocurrency-mixer-sentenced-money-laundering-conspiracy, accessed on March 14, 2025.

[10] A Ponzi scheme is a type of investment fraud in which high returns are promised to investors by using the money of new investors to pay off previous investors. Instead of investing in a business with real value, the organizer simply moves money between investors. When the new money is no longer enough to cover the promised returns, the system collapses and most investors suffer large losses.

[11] Fake ICOs are a form of fraud in which ICO (Initial Coin Offering) issuers provide attractive information, documents (whitepapers) and commitments but in reality, have no real development project or are unable to implement the project as promised. Fraudsters build trust by over-promoting the profit potential of tokens, attracting investment capital from investors in the hope of bringing high profits. However, after raising a significant amount of money, they will disappear with investors' money, leaving behind serious financial consequences. This is one of the major risks when investing in the cryptocurrency market, where control and transparency are limited.

[12] "Rug pull" in the decentralized finance (DeFi) space is a form of fraud in which the development team of a DeFi project suddenly drains all liquidity or assets from the system. Investors are then left with tokens or coins that become worthless and untradeable. This phenomenon often occurs after the project has attracted a large amount of investment capital, creating confidence that the project will develop sustainably, but soon after, the development team "pulls the rug" by transferring all the assets to themselves, causing great losses to investors.

[13] Wikipedia, "OneCoin", https://en.wikipedia.org/wiki/OneCoin, accessed on March 14, 2025.

[14] Wikipedia, "FTX", https://en.wikipedia.org/wiki/FTX, accessed on March 14, 2025.

[15] Wikipedia, "Mt. Gox", https://en.wikipedia.org/wiki/Mt._Gox, accessed on March 14, 2025.

[16] Chainalysi, *The Chainalysis 2025 Crypto Crime Report*, 2025, https://go.chainalysis.com/2025-Crypto-Crime-Report.html, accessed on March 14, 2025.

[17] Office of Public Affairs, *Early Bitcoin Investor Charged with Tax Fraud*, 2024, https://www.justice.gov/archives/opa/pr/early-bitcoin-investor-charged-tax-fraud?utm_source=chatgpt.com, accessed on March 14, 2025.

countries to adopt measures to prevent money laundering and terrorist financing through digital currencies.[18] Many countries require exchanges to comply with "know your customer" (KYC) and AML regulations.[19] The FBI has also established a dedicated unit to investigate crimes involving cryptocurrencies.[20]

In a European Union report, as of the end of July 2021, cryptocurrency thefts, hacks, and fraud totaled $681 million, and there is a growing trend of Bitcoin-related crimes and cryptocurrency-related crimes in general. In addition, cryptocurrency-related fraud also continues to increase. In 2021, cryptocurrency-related fraud in Europe accounted for 54% of all fraud cases.[21] Tax loss to the state is a worrying impact when the number of virtual currency transactions is increasing. With the high security of virtual currency transactions, virtual currency transactions on virtual currency exchanges make it difficult for the managers of countries to record income for individual virtual currency owners, so many countries in the world have begun to study regulations to tax income from virtual currency such as Singapore, Japan.[22]

In a report by the Europol and the European Public Prosecution Service (Eurojust), virtual currencies are the most exploited and used by cybercriminals. Among them, Bitcoin is the preferred currency used in the criminal market and as a means of payment for online extortion activities, such as ransomware and Distributed Denial of Service (DDoS) attacks.[23] While the use of Bitcoin remains a major enabler of cybercrime on the internet (e.g., to purchase or rent cybercrime tools/services), other cryptocurrencies are used to invade privacy, such as Monero, which has been a popular cryptocurrency used in the privacy-invading cryptocurrency underground since 2017.[24] According to a February 2022 report by the IMF, cryptocurrencies are more popular in countries that are considered corrupt or have strict capital controls. The findings suggest that digital assets can be used to transfer proceeds of corruption or to evade capital controls.[25]

In Vietnam, the crime situation related to digital currency is also increasing and becoming more complicated. In 2016, thousands of people in Gia Lai lost 48 billion VND when participating in a multi-level virtual currency financial floor called fxmt4.us of "Bitcoin Community Bank". After this floor suddenly stopped operating, many people fell into debt, even 02 people committed suicide.[26] At the end of 2023, the competent authorities handled a robbery case of virtual currency in Ho Chi Minh City. In this case, the criminals staged a traffic accident, took the victim's phone, and forced the victim to read the password to access the e-wallet to transfer many types of cryptocurrencies to their e-wallet. In addition, the criminals robbed the victim's 3 other phones. The case has caused controversy over how much money the criminals robbed (the value of the 3 phones or the value of the virtual currency). After robbing the virtual currency, the criminals traded it on an international electronic exchange with a value of about 1.5 million USD. Therefore, the court handled the subjects according to the value of this amount of money.[27]

Digital currency-related crimes in Vietnam can be categorized as:

Traditional crimes utilizing digital currency: These are crimes committed in real space but using digital money as a tool, means of committing or concealing crimes: corruption, terrorist financing, money laundering, drugs, smuggling, sexual abuse, gambling.[28] Digital money is based on transactions on the internet, has no identity and is difficult to control the flow of money. Criminals have taken advantage of this feature to use digital money instead of real money in the process of committing crimes, causing difficulties in the investigation, prosecution and trial process.ambling, where digital currencies are used to facilitate or conceal criminal acts.

Cybercrimes targeting digital currency: Traditional methods of property appropriation such as theft, fraud, tax evasion, etc. are gradually moving from real space to cyberspace and towards digital currencies with high value and liquidity.[29] Criminals mainly target computer networks and storage devices of digital currencies by sending computer viruses, denial of service attacks, sending malware.

3.2 Current Legal Status and Digital Currency in Vietnam

Vietnam has emerged as one of the most dynamic digital currency markets in Southeast Asia. According to Coin Market Cap, there are more than 2.4 million types of

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[18] FATF, *The FATF Recommendations: International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation*, 2024, FATF, Paris, https://www.fatf-gafi.org/recommendations, accessed on March 14, 2025.

[19] https://dantri.com.vn/kinh-doanh/cac-nuoc-quan-ly-tien-dien-tu-ra-sao-20250311085642624.htm?utmsource= chatgpt.com, accessed on March 14, 2025.

[20] https://www.fbi.gov/investigate/cyber, accessed on March 14, 2025.

[21] The impact of bitcoin on the social situation in Europe and the practice of bitcoin legal issues in Vietnam, https://lsvn.vn/tacdongcuabitcoindentinhhinhxahoiochauau-vathuctienvandephaplybitcoinovietnam1661143592. html, accessed on March 10, 2025.

[22] Bitcoin: Price Drops Due to Japan's Crypto Crackdown, https://www.investopedia.com/news/bitcoincrack downoneworldslargestcryptoexchangessendspricefalling/, accessed on March 10, 2025.

[23] Europol and Eurojust Public Information, *Common challenges in combating cybercrime: As identified by Eurojust and Europol*, Joint report, 2019, p. 12.

[24] Europol and Eurojust Public Information, p. 12.

[25] Phung Le Dung, Le Hoang Anh Tuan, The impact of Bitcoin on the social situation in Europe and the practice of Bitcoin legal issues in Vietnam, Institute of Political Economy, Ho Chi Minh National Academy of Politics, 2022.

[26] Scammed tens of billions of dong because of Bitcoin multi-level virtual currency, https://vov.vn/kinh-te/bi-lua-dao-hang-chuc-ty-dong-vi-tien-ao-da-cap-bitcoin-550236.vov, accessed on March 10, 2025.

[27] https://cand.com.vn/Ban-tin-113/ke-chu-muu-vu-cuop-37-ty-dong-tien-ao-bi-de-nghi-an-chung-than-i693178/, accessed on March 10, 2025.

[28] Tari Schreider, *Cybersecurity Law*, Standards and Regulations, 2020.

[29] B. D. Thomas, D. Loader, *Introduction - cybercrime: law enforcement, security and surveillance in the information age,* Cybercrime: Law enforcement, security and surveillance in the information age, 2000.

cryptocurrencies globally—over 20,000 times more than the number of fiat currencies. Many of these are privately issued and operate outside clear regulatory boundaries, leading to significant investment risks. Despite these risks, approximately 20 million Vietnamese citizens currently hold digital assets or cryptocurrencies, with total transaction volume in 2023 reaching approximately USD 120 billion, up 20% from 2022. In the absence of a clear legal foundation, this volume is processed through foreign platforms, leading to substantial tax losses for Vietnam[30]. By 2024, Vietnam ranked fifth globally in terms of interest in digital assets. While over 100 cryptocurrency exchanges are active in Vietnam, only a few—such as Ginero, Remitano, Santienao, Vicuta, T-Rex, and Bitcoinvn.io—dominate investor traffic.[31] Though some cafés and restaurants in Ho Chi Minh City had begun accepting Bitcoin payments in 2017, such activities were eventually penalized under the Criminal Code.[32]

Despite this vibrant market activity, Vietnam still lacks a comprehensive legal framework on digital currency. There are several regulatory shortcomings:

First, Vietnam still lacks legal documents defining and affirming the nature of digital currency.

The emergence and existence of digital money in the world and in Vietnam is objective and inevitable due to the development of science and technology. However, currently, only Decree 52/2024/ND-CP dated May 15, 2024 of the Government regulating non-cash payments (abbreviated as Decree No. 52/2024) defines "electronic money" as follows: "Electronic money is the value of Vietnamese Dong stored on electronic means provided on the basis of corresponding to the amount paid in advance by customers to banks, foreign bank branches, and organizations providing intermediary payment services providing e-wallet services". It can be seen that the above concept has somewhat approached the international definition of electronic money. For example, according to the World Bank, e-money is defined as a “store of value” in digital form of a currency, redeemable at face value on demand and accepted as a means of payment”[33]. The European Central Bank (ECB) has a similar description of the concept of e-money as “monetary value stored on an electronic device commonly used to make payments to entities other than the issuer”[34].

However, as analyzed, the concept of digital money also includes the second form (2) which is digital forms issued by private developers, not controlled by the State. The lack of core regulations on virtual money and cryptocurrencies leads to many different views on the nature of these types of money. In 2014 and 2017, the State Bank explained: virtual currency is a type of asset, a commodity (Press release dated July 22, 2014; Official Dispatch 5747/NHNN-PC dated July 21, 2017). In 2016, the Ministry of Finance stated its view that virtual currency is a property right (Official Dispatch 4356/BTC-TCT dated April 1, 2016). In 2018, the Ministry of Industry and Trade also indirectly recognized virtual currency as a type of asset (Official Dispatch 1402/BCT-DTĐL dated February 22, 2018)[35]. However, in 2017, the People's Court of Ben Tre Province ruled in a judgment that virtual currency is not a commodity (First Instance Judgment No. 22/2017/HC-ST dated September 21, 2017) or in 2023, the People's Court of Ho Chi Minh City argued that Vietnamese law has not yet accepted Bitcoin as a currency and means of payment, but the defendants robbed the amount of Bitcoin converted to VND of more than 37 billion VND and sold it to share the profits, therefore, the defendants committed the crime of Robbery.[36]

Second, the absence of regulations governing digital currency activities.

The emergence and existence of digital currency is associated with many activities in society, especially financial transactions. However, Vietnam only has Decree No. 52/2024 regulating specific activities related to cryptocurrencies and has no documents regulating activities related to virtual currencies. Regarding cryptocurrencies, Decree No. 52/2024 stipulates in Article 6 the storage method; the issuance and supply method and the requirements to ensure the use of cryptocurrencies as a payment method. Regarding virtual currency, although Vietnam does not recognize virtual currency as a national legal currency and prohibits the use of virtual currency in the payment sector,[37] there are no regulations prohibiting the

[30] VTV Online, 20 million Vietnamese own digital assets: "Waiting" for legal framework, preventing tax loss, 2025, Vietnam Television, https://vtv.vn/kinh-te/20-trieu-nguoi-viet-so-huu-tai-san-so-ngong-khung-phap-ly-chong-that-thu-thue-20250304180933187.htm, accessed on March 14, 2025.

[31] Tran Thi Xuan Anh, Ngo Thi Hang, Current status and development trends of cryptocurrency in Vietnam - Some policy recommendations, Journal of Management and National Economics, 2020, p. 33.

[32] Pay with bitcoin despite ban, https://nld.com.vn/thoi-su/thanh-toan-bang-bitcoin-du-bi-cam-20171 22121574839.htm, accessed on March 10, 2025.

[33] World Bank, https://digitalfinance.worldbank.org/topics/financial-consumer-protection/e-money, accessed on March 10, 2025.

[34] European Central Bank, https://data.ecb.europa.eu/methodology/electronic-money, accessed on March 10, 2025.

[35] Truong Thanh Duc, Legal loopholes in virtual currency transactions, forex and gambling with foreign countries, https://thesaigontimes.vn/lo-hong-phap-ly-giao-dich-tien-ao-forex-va-danh-bac-voi-nuoc-ngoai/, accessed on March 10, 2025.

[36] The mastermind of the 37 billion dong cryptocurrency robbery was proposed to be sentenced to life in prison, https://cand.com.vn/Ban-tin-113/ke-chu-muu-vu-cuop-37-ty-dong-tien-ao-bi-de-nghi-an-chung-than-i693178/, accessed on March 10, 2025.

[37] Resolution 23/NQ-CP dated April 8, 2018 of the Government directs the State Bank to "coordinate with relevant ministries and branches to combat, prevent and stop activities that take advantage of the banking system and payment system to buy, sell, exchange virtual currency, and use virtual currency as a means of payment contrary to the provisions of law". Directive 02/CT-NHNN dated April 13, 2018 of the State Bank requires: “Credit institutions and organizations providing intermediary payment services are not allowed to provide payment services, conduct card transactions, grant credit via cards, support processing, payment, money transfer, clearing and settlement, currency conversion, conduct payment transactions, and cross-border money transfer related to virtual currency transactions for

creation, mining, trading, and investment of virtual currency in any legal document.[38] Thus, trading, investing, trading, and donating virtual currency can still take place legally. However, activities related to virtual currency pose high risks to the sovereignty, monetary policy, and tax policy of countries. Therefore, the lack of regulations related to this issue will create major challenges for economic and social management in Vietnam.

The Draft Law on Digital Technology Industry, currently being discussed by the National Assembly, has introduced a number of regulations related to digital assets, including digital currency. Clause 1, Article 8 of the Draft Law on Digital Technology Industry defines digital assets as "digital technology products created, issued, stored, transferred and authenticated by blockchain technology, of which people have ownership rights according to the provisions of civil law and relevant laws"[39]. Although only at the draft level, the above definition has partly determined the nature of digital currency as a type of virtual asset and requires specific regulations in the Civil Code on this type of asset. This is also an orientation that many domestic scientists agree with, even some of them believe that "there should be regulations on asset trading, establishing trading floors; at the same time, there should be incentives and support for Vietnamese enterprises to create digital currencies made in Vietnam after having a clear legal framework"[40]. This will also be the basis for regulations related to the rights and obligations of issuing organizations and regulations to protect the rights of owners of digital currency assets.

Third, the lack of laws preventing digital currency-related crimes.

The emergence and existence of digital currencies with the ability to transact quickly and have high liquidity pose challenges for countries in preventing and stopping crimes related to digital currencies. Vietnam also faces the above challenges but has not yet had timely appropriate regulatory documents.

In terms of preventing money laundering, FATF recommends that countries prioritize the full and effective implementation of the FATF Standards for Virtual Assets. At the same time, virtual asset providers should take the same precautions as financial institutions, such as customer due diligence (CDD), record keeping, and suspicious transaction reporting (STR). This will ensure the transparency of virtual asset transactions and prevent the association of crimes with cryptocurrencies/virtual currencies[41].

In fact, in Vietnam today, crimes related to digital currency are handled based on current laws such as the 2015 Penal Code (amended and supplemented in 2017) and the 2012 Law on Anti-Money Laundering (amended and supplemented in 2017). However, due to the lack of specific regulations, investigation and handling face many challenges:

The Law on Anti-Money Laundering defines money laundering as the act of converting, transferring, or concealing the origin of illegal assets to make them appear legitimate, based on Article 324 of the 2015 Penal Code. Although it does not directly mention cryptocurrencies, transactions via digital currencies are still handled if they are related to crimes. For example, in early 2025, Ho Chi Minh City Police dismantled a money laundering ring of more than VND 1,600 billion via virtual currency channels. Specifically, the subjects created many Facebook pages impersonating reputable individuals and organizations, then joined groups and posted information with the aim of deceiving people who wanted to go abroad to work. More sophisticatedly, to launder money, the subjects colluded with a virtual currency group and used the group's bank accounts to provide money to the victims of fraud. Then, based on how much virtual currency the victims deposited, the subjects converted it to withdraw real money.[42] This is a specific case, showing that the law is being applied to handle it, even though the legal framework is not yet complete.

Fraud involving digital currencies, such as Ponzi schemes or fake investment platforms, is handled under Article 174 of the 2015 Penal Code, which regulates the crime of property fraud. In 2025, the Cau Giay District Police, Hanoi City, has just dismantled a transnational virtual currency fraud ring, with thousands of people being scammed for exceptionally large sums of money[43]. Specifically, the subjects organized conferences and seminars, then invited victims to buy MPX coins. To create trust, the subjects also organized tours for customers to Dubai; advertised that they could use visa cards integrated with XFI virtual currency to pay at supermarkets and stores. The subjects also created an image of Alexsandr Mamasidikov on social networking platforms such as Facebook, Zalo, and Google as a cryptocurrency billionaire, an advisor to the International Association of Cryptocurrencies and Decentralized Blockchain, honored by the world's leading prestigious magazine Forbes for his contributions to the global technology sector, capable of interfering with the value of XFI coins to attract investors to buy MPX coins, thereby appropriating the victim's assets. This is a specific example, showing that the law is being

customers due to the possible risks of money laundering, terrorist financing, fraud, and tax evasion".

[38] Tran Thi Xuan Anh, Ngo Thi Hang, p. 32.

[39] Nguyen Thanh Ha, Hoang Thi Phuong Lan, Nguyen Thi Huong, Completing the legal framework so that cryptocurrencies and digital assets soon have legal value in Vietnam, Vietnam Lawyers Electronic Magazine, https://lsvn.vn/hoan-thien-khung-phap-ly-de-tien-dien-tu-tai-san-so-som-co-gia-tri-phap-ly-tai-viet-nam-a154695.html, accessed on March 10, 2025.

[40] Speech by Associate Professor, Dr. Do Van Dai - Vice Principal of Ho Chi Minh City University of Law, https://www.sggp.org.vn/som-hinh-thanh-khung-phap-ly-cho-tien-ky-thuat-so, accessed on March 10, 2025.

[41] FATF, *Virtual Assets: Targeted Update on Implementation of the FATF Standards on VAs and VASPs*, https://www.fatf-gafi.org/content/fatf-gafi/en/publications/Fatfrecommendations/targeted-update-virtualassets-vasps-2023.html, accessed on April 10, 2025.

[42] Ho Chi Minh City Police, Fraud ring, "money laundering" over 1,600 billion VND through virtual currency channel, https://congan.com.vn/vu-an/duong-day-lua-dao-rua-tien-hon-1600-ty-dong-qua-kenh-tien-ao_172643.html, accessed on March 14, 2025.

[43] Hanoi City Police, Cau Giay District Police dismantled a virtual currency fraud ring MPX, https://congan.hanoi.gov.vn/tin-antt-va-canh-bao-toi-pham/cong-an-quan-cau-giay-triet-pha-o-nhom-29386,a accessed on March 14, 2025.

applied, but more regulations are needed to more closely monitor investment platforms.

In the current context, although many acts related to digital currency have been and are directly affecting the rights and assets of individuals, organizations and national interests, prosecuting these acts as crimes in Vietnam is facing many difficulties. The main reason lies in the fact that the 2015 Penal Code has not clearly defined a type of crime related to digital currency, and the 2015 Civil Code has not considered digital currency as a legal asset. This leads to loopholes in the process of identifying, investigating and prosecuting violations, making it difficult for authorities to protect the rights of the people and ensure national economic security. Referring to the European Union Act on Electronic Money, it is stated that the law stipulates that crypto-asset activities will be monitored in the same way as traditional money transfers to prevent suspicious transactions, combat market manipulation and financial crime. [44] For example, information on the origin of assets and beneficiaries will be kept in transactions. Crypto-asset service providers are obliged to detect and prevent criminal flows of crypto-assets, and ensure that all crypto-asset companies comply with anti-money laundering obligations under the Act and EU Directive 2015/849 on the prevention of money laundering. Meanwhile, due to the lack of regulations on virtual assets in general and digital currencies in particular, the application of FATF recommendations or EU experience will not have a basis for implementation in Vietnam because there is no management mechanism for digital currency owners as well as no management mechanism for transactions using virtual assets to assess their suspiciousness.

4. Recommendations

In the context of digital currency developing strongly and increasingly asserting its position in the global financial market, violations related to this type of asset have become a serious threat to the rights of individuals, organizations and national interests. The shortcomings in the current legal framework, especially the limitations in the 2015 Penal Code and related laws that do not clearly regulate crimes related to digital currency, have created legal gaps, making it difficult to prosecute illegal acts. Realizing this situation, it is urgent to make proposals and recommendations to improve the legal system, strengthen the monitoring mechanism and coordination between authorities to effectively prevent crimes related to digital currency.

First, adopt legal definitions and classifications for digital currencies.

The first and most important step to prevent crimes related to digital currencies is to establish a clear legal definition and detailed classification of these types of assets. Currently, in Vietnam, the ambiguity about the legal nature of digital currencies has created conditions for fraudulent organizations to take advantage of investors' trust to carry out Ponzi schemes or fake investment projects. Typical examples are the iFan and Pincoin cases, where the subjects raised capital by promoting false promises of huge profits, but in fact there was no product or service behind them.[45] As a result, tens of thousands of people lost their property, while authorities had difficulty handling the case due to the lack of a specific legal basis.

To overcome this, Vietnam can learn from Switzerland - a pioneer in digital currency regulation. Switzerland has classified digital currencies into three main groups: payment tokens (like Bitcoin, used as a medium of exchange), utility tokens (providing access to services on the blockchain platform), and asset tokens (representing ownership of real assets, like real estate or stocks). This approach brings many outstanding benefits. First, it allows regulators to apply existing laws flexibly: for example, asset tokens can be regulated under the Securities Law, while payment tokens are subject to the Banking Law. Second, investors will have a better understanding of the nature and risks of each type of asset, thereby making more informed investment decisions. Most importantly, a transparent legal framework will significantly reduce the possibility of criminals exploiting ambiguity to commit fraud.

Second, regulate cryptocurrency exchanges strictly.

Cryptocurrency exchanges are the “gateway” to the market, where users buy, sell, and store their assets. However, they are also attractive targets for cybercriminals and potential tools for money laundering if not properly regulated. To address this, all cryptocurrency exchanges should be required to register and be licensed by a regulatory authority, such as the State Bank or the Ministry of Finance, similar to how the United States regulates through the Securities and Exchange Commission (SEC) or the Commodity Futures Trading Commission (CFTC). Exchanges must adhere to strict KYC and AML regulations, including reporting suspicious transactions. South Korea and the Philippines are two successful examples in the region: they require exchanges to have operating licenses, implement investor protection measures, and even set up insurance funds to compensate in the event of an exchange being hacked or going bankrupt.

Third, impose taxes on digital currency transactions.

Tax collection from digital currency transactions is a solution that both generates revenue for the budget and is an effective tool to prevent financial crimes, especially money laundering. In recent years, the financial and banking sector in Vietnam has witnessed strong growth of fintech companies. Particularly for the P2P lending sector, in Vietnam today, according to a preliminary survey, there are about 100 P2P lending companies (including companies that have officially started operating and some companies in the testing phase). Of which, some companies originate from China, Russia, Indonesia, Singapore. This shows that foreign investors are very interested in Vietnam's consumer lending market and see this as a potential market for P2P lending to develop. In the context of some countries in the Asian region tightening management of P2P lending activities (China, Indonesia, Singapore), foreign companies, especially Chinese P2P lending companies, are looking to shift their operations to the Vietnamese market.[46] With such

[44] European Commission, Regulation on Markets in Crypto-assets (MiCA), https://finance.ec.europa.eu /regulation-and-supervision/financial-services-legislation/implementing-and-delegated-acts/markets-crypto asset s-regulation_en, accessed on March 10, 2025.

[45] https://congan.com.vn/vu-an/phong-su/duong-day-tien-ao-ifan-pincoin-bi-to-lua-15000-ty-dong-ven-man-lien-minh-ma-quy_53635.html, accessed on March 14, 2025.

[46] https://sbv.gov.vn/webcenter/portal/vi/menu/fm/ddnhnn/nctd/nctd_chitiet?leftWidth=20%25&showFooter=

a large P2P transaction value in Vietnam, the economic potential of this market is undeniable. However, the lack of tax policy has made the flow of money from digital currency a gray area, easily exploited for illegal activities.

Vietnam could look to the US model, where profits from cryptocurrency trading are considered taxable capital gains, forcing users to declare their transactions to tax authorities. This creates a clear paper trail that helps authorities track the source of funds and detect suspicious activities. In addition to personal income tax, Vietnam could also impose corporate tax on cryptocurrency businesses and VAT on related services, such as exchange fees. A comprehensive tax system not only increases transparency but also makes it more difficult to hide illegal assets.

Fourth, strengthen AML/CTF rules based on FATF recommendations.

Digital currencies, due to their anonymity and cross-border transaction capabilities, present an ideal tool for money laundering and terrorist financing if not properly regulated. To address this risk, Vietnam must rigorously implement AML and counter-terrorism financing (CTF) measures, in alignment with the recommendations of the FATF—the leading international body for setting global financial regulatory standards.

According to the FATF, digital currency service providers—such as exchanges and e-wallet platforms—must implement KYC measures, monitor suspicious transactions, and report them to the relevant authorities, just like traditional financial institutions. Although Vietnam has enacted Anti-Money Laundering Law 2022, further revisions are necessary to ensure comprehensive coverage of digital currency-related activities, including both individual transactions and the operations of exchanges. Moreover, given the increasingly transnational nature of financial crimes, international cooperation is essential. By sharing information with organizations such as Interpol and FATF member countries, Vietnam can enhance its ability to detect and prevent the cross-border flow of illicit funds.

The four solutions mentioned above—clear definition and classification, strict exchange management, tax policy application, and AML/CTF enforcement—when implemented synchronously and effectively, will establish a solid legal framework for the digital currency market in Vietnam. This will serve not only as a ‘shield’ to prevent crime but also as a ‘launching pad’ to promote the sustainable development of the industry. Learning from advanced countries such as Switzerland, the US, and South Korea, and adhering to international standards set by the FATF, will be key for Vietnam to build a modern, transparent, and secure regulatory system. Now more than ever, decisive action will help Vietnam not only protect investors but also maximize the potential of digital currency—transforming challenges into opportunities in the digital era.

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5. Conclusion

As digital currencies grow in scale and complexity, they pose both opportunities and threats. While Vietnam faces challenges due to legal gaps, this also presents a chance to modernize and enhance its legal system. Comprehensive reforms—defining digital currencies, regulating exchanges, taxing transactions, and aligning with international AML standards—are urgently needed. These reforms will not only help prevent criminal abuse of digital assets but also foster a transparent, secure investment environment and sustainable economic development in the digital era.

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