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Electronic Payment System “Peer-to-Peer”: Analytical Study of Virtual Currencies, Bitcoin as a Model: Review Paper.

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Abstract

The peer-to-peer electronic payment system's financial transactions are examined in this research. This research uses an analytical methodology to examine the workings of virtual currencies, most notably Bitcoin. It uses a comparative methodology by analyzing the factors that led the monetary authorities in numerous nations, including the Kingdom of Saudi Arabia, to decline to deal with Bitcoin. According to the study's findings, Bitcoin cannot be used in its current form from an economic or legal standpoint.

Keywords: *transactions, Peer-to-Peer, payment, Virtual, Currencies, Bitcoin.*

I. Introduction

The information and communication revolution contributed to the emergence of a new form of commercial life and financial transactions, whether through e-commerce transactions that have grown and developed rapidly in the last two decades or through the emergence of an electronic payment system that is conducted by electronic payment methods. However, the impact of the information and communication revolution continued to this extent. The massive and rapid development in this field contributed to the emergence of some new systems in commercial life, and the system of financial transactions, and among these systems is what is known as the peer-to-peer (P2P) electronic payment system, which is done with a Virtual Currencies (VCs), such as Bitcoin.

The electronic payment system (peer-to-peer) is an electronic cash system that relies on fulfilling electronic financial transactions through direct payment between the customer and the merchant. It happens without an intermediary or issuing an order to the bank for payment or transfer. It also occurs without the customer having a bank account with any of the banks. Where the peer-to-peer fulfillment system relies on virtual currencies, some describe this system as a modern electronic fulfillment system that involves a change in the global economy, in the same way that websites changed publishing methods]12[. Virtual currencies are considered one of the latest forms of money, and their use appeared and spread with the beginning of the new millennium. They were also widely used in fulfillment due to the advantages of these currencies, whether in terms of their low cost or ease of use, in addition to other security, privacy and speed features. These currencies are also

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characterized as encrypted digital currencies, produced through technical developers, and operate according to an integrated technical system. They are currencies that are issued, traded, and stored electronically and do not have any tangible physical presence [1].

The issuance of Bitcoin began in 2009 as the first virtual currency in the world, and this process took place within very narrow limits. Since 2011, other virtual currencies have been issued besides Bitcoin as competing currencies. In 2012, Bitcoin began to be accepted as a form of electronic payment in some online stores. In 2014, the first automated teller machine (ATM) for Bitcoin was opened, and by 2017 Bitcoin ATMs reached nearly 1,500 ATMs around the world. This marks the beginning of the boom of virtual currencies, as the value of Bitcoin reached. It equals (20,000) US dollars in December of the same year [19]. However, the absence of legal legitimacy for the Bitcoin currency prompted many countries' governments to prevent dealing with it and impose penalties and fines on banks dealing with it. This is without denying some countries the benefits and advantages. Bitcoin enjoys contributing to financial innovation and providing additional payment alternatives to consumers. Its nature is compatible with the nature of e-commerce transactions. This prompted some countries to rethink their positions towards this currency and try to take advantage of the opportunities surrounding the idea of virtual currencies, especially after the widespread use of the Bitcoin currency, which has been very popular recently. Due to its many advantages related to the peer-to-peer electronic payment system, the most important of which is the abolition of the idea of mediation and the avoidance of fees and commissions charged by banks for money transfers.

A. Research Problem

The problem of the research revolves around the legal obstacles that prompted some countries to ban dealing with Bitcoin. The extent of this currency's danger to countries' monetary policy and whether trading and dealing in it constitutes a danger to its dealers. Is it then possible to protect the dealers in this currency if they are hacked or fall victim to fraud?

B. Research Questions

This research seeks to answer the following questions

1- What is the peer-to-peer payment system? What are virtual currencies? And what are bitcoins?
2- What are the reasons that prompted the Kingdom of Saudi Arabia to prevent dealing with Bitcoin?
3- Can Bitcoin be considered an accepted currency for payment?
4- Is bitcoin a commodity or a currency?

C. Research Goals

This research seeks to achieve the following goals

1- Learn about the nature of Bitcoin, its production mechanism, the method of dealing with it, and how its price or market value is determined.
2- Determine the advantages of Bitcoin and the risks surrounding trading and dealing with it.
3- Clarify the controls and criteria must be met in Bitcoin to consider it an acceptable

currency for making payments.

D. Research Importance

Bitcoin has recently been widely spread, and the rate of dealing and trading with it as an innovative and new payment method has increased due to its nature that is mainly appropriate to the nature of e-commerce transactions. This is because it is not linked to a specific geographical location or a specific country; this currency has many advantages, such as low fees, high speed in completing payment operations, and high levels of privacy and confidentiality. At the same time, many countries worldwide, including the Kingdom of Saudi Arabia, are warning about dealing with currency. As a result, this research is of great practical importance stemming from the importance of the banking and monetary sector that this study deals with.

The Novelty of this topic attracted the researcher to conduct the current research and study the reality of using virtual currencies in his country, Saudi Arabia, to highlight its current intervention in citizens' daily life. The Bitcoin currency is still, until this time, one of the pioneering topics of interest, which requires further study and research. The researcher also believes that the issue of regulating virtual currencies and finding legal legitimacy to deal with it, whatever is necessary, should be clear to the innovation. Despite obstacles that push countries' governments to refuse to deal with Bitcoin, dealing with Bitcoin might remain possible in the near future.

E. Search Plan

This Research is divide into two main parts in order to answer the following questions

Section 1: What is Bitcoin?

Section Two: What are The Reasons for the Prohibition of Bitcoin?

II. What is Bitcoin

According to the European Banks Authority (EBA), virtual currencies are defined as follows: "a digital representation of value that can be transferred, stored, or exchanged electronically that is accepted as a medium of exchange by natural or legal persons and is not issued by a central bank or public authority" [21]. It is "a type of unregulated digital money, which is issued and usually controlled by its developers, and which is used and accepted among the members of a virtual community," according to the European Central Bank's (ECB) definition [21]. It is described as "a digital representation of value, generated by private developers, denominated in their unit of account" [17] by the International Monetary Fund (IMF) Fund Monetary International. The Financial Act Task Force, on the other hand, was defined as "a digital representation of the value that can be traded electronically, a unit of account, and a store of value" by the Financial Action Task Force (FATF). Within the community of users of virtual currency, agreements are made to carry out these functions. The absence of the cover, however, sets it apart from a nation's legal tender. Any national guarantee does not back it and lacks a legal foundation [22].

A. Definition of Bitcoin

Bitcoin is one of the encrypted virtual currencies that appeared in a Japanese researcher's hands "Satoshi Nakamoto". He began designing this currency in the year 2007 AD to eliminate the supervisory authority exercised by central banks over the issuance of money [8]. This currency began to be used and put into circulation for the first time in 2009 AD, with a minimal market value that does not exceed (0.0001) US dollars only. However, Satoshi Nakamoto is a natural person, a pseudonym, or perhaps a group of hackers [24].

There is no legal regulation specific to the currency of bitcoin, whether at the national or international level, so legal scholars have tried to define what is meant by bitcoin in one of two ways. Where some went on to define bitcoin as an electronic currency, such as the dollar or the euro, with several fundamental differences, the most important of which are: the absence of a physical or physical presence of bitcoin, as it is an entirely electronic currency, and it is possible to deal with bitcoin without the need for an intermediary, unlike cash currencies. And another fiduciary [3]. Others have defined bitcoin as an encrypted electronic virtual currency, which can be compared to the official currencies currently in use, such as the dollar or the euro [9]. While others denied any connection between Bitcoin and currencies currently in circulation, such as the dollar or the euro, they defined Bitcoin as a digital currency controlled secretly. It applies encryption to ensure security, does not support any central authority, and has nothing to do with the currencies currently in circulation [11]. Moreover, it is: a digital representation of a monetary value, which is not necessarily linked to paper currencies, is not issued by a central bank, and can be produced, traded, and stored electronically [23]. In defining bitcoin, its owners relied on highlighting the characteristics and features that this currency includes, and accordingly, bitcoin is defined as an integrated technical system for an encrypted digital currency that exists entirely on the Internet; it has no physical presence, there is no central control over it, and it is characterized by privacy. Confidentiality is created according to an algorithm that distinguishes users from others. It is stored in personal electronic wallets, which are sent and received from one customer to another without knowing the owner or revealing his identity [5]. According to the same method, others defined Bitcoin as a recording of the value of the documented and registered currency in electronic form. Each currency unit contains a reference number, a unique number that does not repeat, just like the serial number of a banknote. It is a currency that performs the functions of cash, through which payments can be made; however, it is traded electronically [14]. Bitcoin is also referred to as a virtual currency because of the encryption mechanism used in its creation and transfer; it is a decentralised peer-to-peer electronic payment system, unsupported by the government or any other legal body, and cannot be traded for gold or any other commodity. [24].

From our side, Bitcoin is a decentralized, encrypted virtual currency, not issued by any official issuer, not subject to central bank supervision, and accepted as a means of making payments to a specific segment of natural or legal persons under prior agreements. It operates according to the peer-to-peer electronic payment system, in which Its holders are allowed to pay the value of their purchases by transferring, trading and storing them in an electronic computer from the owner's (customer) wallet to the merchant's electronic wallet.

B. Characteristics of Bitcoin

Bitcoin is an electronic currency that can be used to make payments and the value of purchases and services; it has many characteristics, perhaps the most prominent of which are the following:

Bitcoin is a virtual currency: Bitcoin is considered one of the electronic currencies that do not have a physical (physical) existence. Bitcoin is a currency produced, traded and stored in a completely technical computer manner [5].

Bitcoin is a decentralized currency: This means that Bitcoin is not issued by any government or official issuer, national or international; As there is no central regulatory body that regulates its issuance or trading [25], monitors its trading volume, or determines its market value [1].

Bitcoin is a direct currency: Bitcoin is used as a means of making payments according to the peer-to-peer system [8], that is, directly between the two parties from one user to another user, and without the payment process requiring the intervention of a third party playing the role of an intermediary, unlike other electronic payment methods [9].

Bitcoin is a global currency: the mechanism of action of Bitcoin is not linked to a specific geographical region, and its system of operation is not confined to a specific country. Because it is not subject to its control in the first place, the scope of dealing in this currency expands; Its work system allows money to be transferred from anywhere to anywhere in the world [6].

Bitcoin is a currency of unstable value: Bitcoin is characterized by continuous fluctuation in the price of the currency, so the follower of the currency movement will notice a continuous rise in the price of the currency since its first appearance from 2009 to 2021 [11], and Bitcoin is also characterized by the fact that there is no specific limit or a specific ceiling for spending or purchasing, compared to other electronic payment methods [1].

C. The Distinction Between Bitcoin and Electronic Money

In terms of the issuer: Electronic money is an actual monetary value that commercial banks issue and store for the customer in the form of units of electronic cash in smart cards so that he can then use them to pay the value of his purchases of goods and services [10], while it is possible to issue the production of bitcoins by any average person with an Internet connection; As the production of Bitcoin requires individuals to know a certain amount of technology and work on computer programs and currency operating programs [3].

In terms of the payment method, the payment process through electronic money requires the intervention of a third-party "intermediary" such as the bank issuing electronic money. The bank's obligation in this type of payment method does not depend on issuing money in its electronic form and storing it on an electronic card or the hard disk of the customer's computer. Instead, its obligation extends to the merchant or service provider who accepted payment from the customer utilizing electronic money. Where the bank, in the face of the merchant, is obligated to convert electronic cash units into liquid money, which has a tangible (physical) existence [16], while the Bitcoin payment process does not require the intervention of a third party "intermediary" to complete the payment process. Direct according to the peer-to-peer electronic payment system [9].

In terms of control and control: At a time when electronic money is considered one of the central money that commercial banks specialize in issuing to customers, and then accepts its exchange - after that - with liquid paper currencies for the benefit of merchants and service providers. However, this process is supervised by central banks that impose on banks. Commercial exporting companies have many restrictions. Perhaps the most important is obligating commercial banks to issue electronic money in the national currency and adhering to a specific limit for issuing this money to impose complete control over fraud, such as money laundering operations. Whereas Bitcoin is a decentralized currency, as central banks or any other entity, governmental or private, cannot control or monitor it or determine its price or volume of trading and issuance [10].

In terms of market value: Electronic money is an accurate representation of the money it represents, such as the US dollar, the pound sterling, the euro, or any other currency, where the issuer delivers to the electronic customer money whose value is not less than the monetary value of the currency on which it was issued [21]. As a result, the market value of electronic money is closely linked to the market value of the currency on which it was issued, the dollar, pound, or euro. Whereas determining the market value of Bitcoin does not depend on a fixed control, as the price of Bitcoin is determined according to the law of supply and demand [3].

D. Bitcoin Advantages

Security and confidentiality: Bitcoin relies on the entire encryption system according to the blockchain technology, which makes it difficult to counterfeit or re-copy, and the currency's reliance on the blockchain technology makes it a fantasy to be hacked by fraudsters, and therefore the use of this currency for payment is considered more secure and confidential than other methods. Dealing with Bitcoin provides the highest levels of security and confidentiality against theft, fraud and fraud [1].

Low fees: Bitcoin is one of the means of electronic payment that operates according to the peer-to-peer payment system, meaning that the payment process through it is done directly and without the payment process requiring the intervention of a third-party "intermediary" such as banks, or any other party, and accordingly the payment process Utilizing Bitcoin, the customer does not have to bear the fees charged by banks in order to implement the payment process, unlike other electronic payment methods. Instead, the payment process through Bitcoin takes place as soon as the customer transfers the currency from his electronic wallet to the electronic wallet of the merchant or service provider [5].

Super Speed: Bitcoin has a high speed in transferring funds; As the money transfer process takes place according to the instantaneous transfer system, as soon as the first user issues the transfer order in any country in the world, and at any time, the transfer process takes only a few seconds [6].

E. Disadvantages of Bitcoin

Ambiguity: Bitcoin is an opaque and encrypted currency, and it is a decentralized currency that no party can supervise or control, control its issuance and determine its trading volume, which carries with it high risks. This currency can be used for suspicious operations, money laundering operations (Catherine, Salil, Catriona); trafficking in contraband, drugs and weapons; or financing terrorist operations: many countries warn against dealing with it [9].

Acceptability: One of the most prominent difficulties facing bitcoin dealers is the limited number of dealers in this currency, given that this currency is still new. It only appeared a few years ago, or because of the ambiguity and secrecy surrounding the payment process with this currency, which made many individuals fear dealing with it, resulting in its owners' inability to obtain all their needs of goods and services. Utilizing Bitcoin, and thus the difficulty of concluding deals and commercial transactions through it, compared to other electronic payment methods, such as electronic bank cards or checks [5].

Issuance: One of the most significant obstacles that hinder the widespread use and spread of Bitcoin is the difficulty of issuing it by ordinary individuals. However, the issuance process is available to everyone in theory. It is not limited to a specific group. However, the practical reality is entirely different, as the process of issuing Bitcoin is a complex process that requires programmers who can deal with computer programs and information technology [6]. In general, there are two ways to obtain virtual currencies, as the fastest way to obtain many virtual currencies is by purchasing them with real money. Virtual currencies can often be obtained by engaging in specific activities, for example: through Responding to promotional and advertising campaigns or by completing an online survey [21].

Currency price discrepancy: The price of Bitcoin and its rapid fluctuations constitute another problem for those dealing in this currency, which limits its spread, circulation, or even acceptance [1], at a time when the currency has become partially associated with the black market via the Internet known as the "Silk Road" [11]. This indicates the constant fluctuation in the price of Bitcoin, and the steady fluctuation, and part of the jurisprudence attributes this matter to betting, the black market, and illegal practices that are represented in flooding the market at the beginning [25] or by launching electronic attacks on the technology on which it is based. This currency spreads fear about dealing with it, which would lead to a decrease in the currency price for a certain period. Hence, they seize the opportunity of the decrease in the currency price by buying large quantities of bitcoin. They sell it after the currency has recovered, and the fear that was removed prevailing regarding it may expose some to losing their money without having any legal means to object or complain [1]. According to statistics, the price of Bitcoin in September 2020 did not exceed (10,764) US dollars before it reached its highest level in March 2021, when the price of Bitcoin reached approximately (58,734) US dollars. However, in May 2021, Bitcoin returned to the decline again, as the price of bitcoin reached approximately (35,749) US dollars. Experts attribute this significant drop in bitcoin price to the strict measures taken by the Chinese Central Bank against virtual currencies.

III. Reasons for banning Bitcoin

At present, Bitcoin is considered one of the virtual currencies accepted in practice by many companies, institutions, shops, restaurants, telecommunications companies, video game stores, railways, international newspapers, hospitals, universities, the stock exchange, and tourism companies. According to the site (Bit Pay), more than 100,000 businesses worldwide currently accept Bitcoin. Examples of companies and institutions that accept bitcoin transactions are the American Sun-Times newspaper, the Swiss Railways Company (SBB), Expedia, the Cypriot University of Nicosia, the Chinese (BTC) Stock Exchange, which is the largest virtual currency exchange, as well as search engines. Popular (google) and (yahoo) bitcoin exchange rates for their financial instruments, as well as overstock.com [1].

However, this currency's official position varies from one country to institution and institution to another. While some countries allow dealing with this currency, others prohibit dealing with it. The position of some countries on this currency is still being defined at this time.

The European Central Bank does not deny the benefits and advantages enjoyed by virtual currencies. In general, the bank believes that virtual currencies have positive aspects, such as contributing to financial innovation and providing additional payment alternatives to consumers that are compatible with the nature of electronic commerce transactions. However, the bank believes that These currencies can also pose risks to their users, especially in the current lack of legal regulation [21]. As a result, the bank restricted dealing with Bitcoin until the legislation regulating this currency was issued.

There are also many countries worldwide whose laws do not object to dealing with Bitcoin but rather allow ordinary individuals to trade and deal with it, as the Japanese government officially recognizes this currency, according to the Japanese Payment Services Act (Article 2-5). Britain also allows Bitcoin to be dealt with as a foreign currency and imposes value-added tax and goods and services tax on its dealers. In the United States of America, the Commodity Futures Trading Commission classified Bitcoin as a commodity in 2015. The US Tax Authority announced that a tax would be imposed on dealing in virtual currencies and that general rules for real estate transactions would be applied.

On the other hand, the governments of some countries still refuse to deal with Bitcoin, and sometimes these countries impose penalties and financial fines on those dealing with this currency. National laws, not being subject to tax systems, and the lack of legal legislation regulating dealing with them, preserving the rights of dealers, in addition to being a potential means for the flight of natural capital from the state. In 2021 China launched the most extensive repressive boycott campaign against all parties that mine bitcoins, which significantly decreased its market value to less than (30) thousand dollars.

The Russian Central Bank issued a statement on the use of virtual currencies in transactions, specifically bitcoins, in which it stated that the assistance provided by Russian legal entities to exchange bitcoins for goods and services is an illegal "suspicious" activity linked to money laundering and terrorist financing. It warned The bank in its statement that Russian citizens, as well as legal entities, from carrying out such activities involving the use of bitcoins.

As for the position of the Kingdom of Saudi Arabia, the Saudi Arabian Monetary Agency (SAMA) warned against trading the Bitcoin currency in the Kingdom, stressing that this type of virtual currency is not considered one of the approved currencies in the Kingdom of Saudi Arabia. The Standing Committee for Awareness and Warning of the Saudi Central Bank also warned against trading in securities in the foreign exchange market (forex) and against dealing or investing in virtual digital currencies, such as bitcoin, because of the various negative consequences for dealers and high risks.

The question now is, what has prompted some countries, such as Saudi Arabia, to ban dealing or trading in Bitcoin?

A. The Economic Point of View

Economists distinguish between three types of currencies [4] The first type: is commodity currencies, which are currencies that have an intrinsic value, or what is called money with total values Because its cash value is entirely equivalent to its commercial or market value, such as gold and silver money, which were used in ancient times, as it is money that has disappeared from dealing with it at present. The second type: is representative currencies [15] or covered currencies, which are currencies that represent dealing with real currencies and can be converted into commodity currencies with a total value, and they are more like certificates of deposit issued by the competent monetary authorities in the country to the holder of full money in exchange for what he owns from Metal or full-value currencies, such as gold certificates that were circulating in the United States of America in 1933 [4].

The third type is represented in fiduciary currencies, which are the money issued by the issuing authority, the central bank, after the monetary authorities stopped the exchange of gold. It is linked to economic activity needs, such as paper money issued by central banks (Banknote) [4].

As a result, the prevailing trend in the modern economy is to accept anything in dealing that performs the functions of money, and people accept it as a medium for exchange between them, so anything can be money if it meets the conditions of the money and performs its functions [13]. Some define money as: "everything that is generally acceptable, as a medium of exchange and a measure of value" and accordingly, money has three primary functions [7], namely that it is: a means of exchanges or transactions and a unit of account or a measure of the value of commodities. Moreover, services [2] and a tool for preserving wealth or a store of value [4].

The preponderant opinion of economists is that determining whether something is money should be based on the functions that money performs and not on shape or appearance. Money is not an end in itself, as it is a means that performs many different vital functions [15]. As a result, the consideration of bitcoin as money depends on the availability of essential money functions, whether in terms of general acceptance, issuance control, or value stability [19].

Accordingly, part of the jurisprudence goes that bitcoin cannot perform the essential functions of money; It cannot be a measure of the value of goods and services. If a user wants to obtain a commodity, he must agree with the merchant on the value of the commodity in another currency, and then the exchange takes place in bitcoins. Therefore, bitcoins are not considered a unit of measurement or account. For value [11].

On the other hand, Bitcoin is not suitable for use as a store of value or wealth due to the instability of the market value of this currency. The continuous and fluctuating change in its purchasing power and its rapid vulnerability to any events - technical or official - given that Bitcoin is not linked to any party. It is not issued through central banks; Bitcoin does not have a specific official price that can be maintained and stabilized because no monetary authority is specialized in determining its nominal value, similar to other monetary currencies [1].

In addition, bitcoins have no intrinsic value. Instead, they are just numbers registered on the Internet, in electronic wallets, computers or smartphones, and are not based on any commodity or legal cover that supports them [21]. Accordingly, Article (6) of the Saudi Arabian Monetary Law states: (A - The Saudi Arabian Monetary Agency covers all money it issues with a full cover, precisely equal to its value in gold and foreign currencies convertible into gold).

The European Central Bank states that the widespread adoption of encrypted virtual currencies may significantly affect central bank reserves. It lessens the need for cash to complete transactions arising from nominal income, lessening central banks' budgets and their capacity to affect interest rates quickly. According to the European Central Bank, no significant dangers are currently associated with the stable issuance of encrypted virtual currencies. It is essential to continuously examine how encrypted virtual currencies interact with the actual economy [26].

B. The Legal Point of View

The debtor's liability for the debt is not fulfilled or discharged except by the creditor's receipt of the Money. This is exactly equal to the price of the thing credited to the debtor. Therefore, the Money through which the debtor is discharged must be legal. Otherwise, there is no meaning to fulfillment nor His value.

A unit of economic exchange that the law authorizes and has the authority to use inside the exporting nation's boundaries is known as legal money. As a result, it gets its strength from the legal authority in every nation, which issues debts and responsibilities and has its own set of regulations and guidelines governing it. Thus, the state alone can issue money [19].

The Saudi Arabian Monetary Law asserts in Article (7) that the riyal category banknotes, along with their multiples and parts, issued by the Saudi Arabian Monetary Agency, will have the legal circulation status and an undefined acquittal capacity to settle all private and public debts and obligations.

This makes it evident that two things must be present for money to be considered legal. Firstly, money must be able to be used legally to settle debts, which is accomplished by the legislature having to acknowledge money as such. The second component is that under legal documents that bind people to this commitment, they must accept this debt repayment method.

Based on this, from a legal point of view, it depends on considering something such as Money, as is the case with Bitcoin, that it enjoys general acceptance from all individuals and entities in society, as a consideration for what they possess of goods or services, or in fulfilment of debt. The state often intervenes in this matter. Providing this belief among individuals is represented by the enjoyment of Money in the form of general acceptance. It provides them with confidence through its recognition and acceptance of this Money to fulfil its rights in terms of taxes and fees [15].

However, the goal of monetary policy [18] in the management of payment means is to attain monetary stability by giving the central bank strict control over the amount of liquidity and authority over money creation activities. Therefore, to fully benefit from the technological revolution, commercial banks must also activate the central bank's role in overseeing the issuance of all new currencies, including virtual currencies. This is feasible since there are now no regulations governing the exchange of virtual currencies, which could lead the Central Bank to restrict money issuance to the use of the national currency exclusively. Thus, the Saudi Arabian Monetary Law's Article (3) states that: (The minting, printing, and issuing of Saudi currency is a privilege confined to the Saudi Arabian Monetary Establishment).

On the other hand, Bitcoin is considered an opaque currency, as dealing in this currency is not subject to the supervision of the Central Bank or any other governmental or private entity. As a result, using Bitcoin does not comply with cybersecurity regulations, which is one of the biggest operational obstacles to using the currency because using Bitcoin raises the percentage of risks associated with using a network accessible to all users [27]. This is inconsistent with the legal rules for the electronic payment system, which impose on banks that provide electronic payment services that need to meet many technical requirements that would protect customers of the electronic payment system. However, a lot of virtual currency systems keep users' electronic wallets in an unencrypted manner, which renders them more vulnerable to theft or hacking. Furthermore, unlike the system Deposit protection for traditional accounts, these systems state that consumers are not entitled to recover money after fraud because there are no guarantees [23].

Because bitcoin traders are unaware of the currency's origin, dealing with this currency also runs counter to the law protecting consumers. They do not know who the service provider is, and the bitcoin trade sometimes happens between strangers or under fictitious names, which could lead to more fraud. Consequently, even if the client has been the victim of fraud or theft, he lacks a clear and specific legal foundation upon which to base his claim. Dealers in virtual currencies need to understand that exchange platforms are not banks that hold virtual currency deposits, as recognized by the European Banking Authority (EBA). No particular legal protection is available to dealers who lose virtual money using those services, such as the traditional deposit guarantee system. For example, (EBA, Warning to Consumers on Virtual Currencies, 2013).

Consequently, the European Banking Authority (EBA) warned about the dangers of buying, holding, or trading virtual currencies on December 13, 2013. They point out that as Bitcoin is unregulated, users risk losing their money and are unprotected. Tax liabilities for consumers utilizing virtual currency may still exist. [23].

On the other hand, dealing with Bitcoin at present contradicts the Principle for Financial Market Infrastructures (PFMI) issued by the Committee on Payments and Market Infrastructures (CPMI) and the International Organization of Securities Commissions (IOSCO) International. Organization of Securities Commissions, which recommends the use of central bank funds in the first place, and commercial bank funds whenever central bank funds cannot be used, and since bitcoin is not money issued by the central bank, it cannot be used to implement money settlement operations that take place through money markets [19].

Furthermore, virtual currencies are frequently used to finance illicit activities, including drug usage, mafia activity, terrorism, and so on, or even as a means of money laundering [25]. The online illegal market called the "Silk Road" is frequently linked to the bitcoin trade [11]. As a result, in many nations worldwide, dealing with Bitcoin is regarded as a breach of laws against money laundering, tax evasion, and the financing of terrorism.

IV. Results

This study concluded that it is not currently possible to accept Bitcoin in monetary Transactions as a means of payment. This is because it needs to meet the conditions for the success of any currency, whether in terms of general acceptance, issuance control, or value stability.

From the economic point of view, Bitcoin cannot perform the essential functions of money, as it is not suitable as a measure of value, storage for it, or a storehouse of wealth. Besides, it has no intrinsic value but is just numbered with no monetary, commodity, or legal cover to support them.

Legally, Bitcoin is neither issued by any official authorities, not subject to the supervision of central banks, nor issued in the national currency, which is sometimes linked to the black market and is used for money laundering, supporting terrorism, and concluding suspicious deals.

V. Discussion

The results of this study agree with the results of the study conducted by the Central Bank of Jordan (Cryptocurrencies, 2020), as well as the results of the study conducted by the European Central Bank (Virtual Currencies, 2012). This is in considering Bitcoin as an illegal currency in the current situation. It includes high risks and is used to carry out some crimes, such as money laundering, financing terrorism, and purchasing weapons. It also has a direct impact on the stability of the financial system of the national currency.

The researcher believes governments must implement the appropriate legal regulation for dealing with Bitcoin and overcome its challenges. It must also be noted that any attempt to overcome these challenges cannot succeed nationally. However, international cooperation is required to establish unified international legal rules. Besides, legalizing Bitcoin and establishing legal legitimacy should continue innovation. However, the aim of regulation should be to develop its use and provide a safe environment for dealing with it.

VI. Conclusion

In light of the widespread of the Bitcoin currency in recent times, and due to the escalating and significant rise in the market value of this currency, the "exchange rate", and since this transaction has become a living right and a tangible reality, the researcher believes that it is necessary to study the legal provisions of the peer-to-peer electronic payment system and try Establishing legal rules that govern dealing with bitcoins in the future. The researcher also believes that it is necessary to research in the future the mechanism through which complete protection can be provided to bitcoin dealers, as well as how bitcoins can be used without affecting the monetary value of the national currency.

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