



Bhutan Launched First Crypto-Tourism Payment

[Source: FE](#)

Bhutan has become the **first country** to launch a **national [cryptocurrency](#) tourism payment system** in partnership with **Binance Pay and DK Bank**, enabling **fully cashless travel** using **cryptocurrencies**.

- The system supports over **300 cryptocurrencies** like **Binance Coin (BNB)**, **Bitcoin (BTC)**, and **USD Coin (USDC)**, facilitating seamless QR code-based real-time payments.
- This initiative seeks to **lower transaction costs, boost tourism, and improve financial inclusion** in Bhutan.

Cryptocurrency:

- **Cryptocurrency** is a **decentralized digital or virtual currency** secured by cryptography. Transactions are recorded on a **public ledger** using [blockchain technology](#) and maintained by a global network of computers.
 - Eg: **Bitcoin, Ethereum, and Litecoin.**
- In **India**, cryptocurrency is **not a legal tender**, but **not banned** either.

Bhutan:

- **Bhutan** (capital **Thimphu**), also called “**Land of the Thunder Dragon**” is a **landlocked Himalayan country** between India and China.
- The **Manas River**, over 376 km long, is **Bhutan’s longest river** and a **transboundary river shared with India**.
- Bhutan is the **world’s first carbon-neutral country** and prioritizes **Gross National Happiness (GNH)** over **GDP**.

CRYPTOCURRENCY

Cryptocurrency is a digital or virtual currency that employs cryptography for secure, decentralized transactions and operates on blockchain technology.

Features of Crypto

- Virtual money secured by cryptography
- Direct peer-to-peer transactions, eliminating the need for banks
- Entries recorded in a public ledger, not as physical cash
- Encrypted; advanced coding methods ensure high-level security
- Decentralised; not controlled by any government

Legal Status: Cryptocurrency

- **Declared Legal:** El Salvador (2021) and Central African Republic (2022); first and second countries to recognise Bitcoin as legal tender
 - Other Countries where Bitcoin is legal: US, UK, European Union, Canada, Australia, Japan, Switzerland
- **Declared Illegal:** China, Pakistan, Saudi Arabia, Tunisia, and Bolivia
- **Status in India:**
 - Not a legal tender but not banned either
 - **Taxation:** 30% tax on profits & 1% TDS on transfers (Budget 2022-23)
 - RBI launched its **CBDC - Digital Rupee** in 2022

Types of Cryptocurrency (Utility-based)

- **Utility Token:** Used to access services or features within a blockchain platform (Eg. Ethereum (ETH) & Ripple (XRP))
- **Transactional:** Tokens used for payments (Eg. Bitcoin (BTC))
- **Voting Token:** Tokens that provide voting rights on a blockchain (Eg. Uniswap)
- **Platform Based:** Tokens for utilizing a proof-of-stake mechanism to enable smart contracts (Eg. Solana)
- **Security:** Tokens representing asset ownership (Eg. Millennium Sapphire)
- **Stablecoins:** Created to reduce the volatility which is common in many cryptocurrencies

How Does It Work?

- **Mining:** Solves equations with computer power to validate transactions & earn rewards
- **Security:** Cryptography prevents manipulation
- **Blockchain:** Transactions are recorded on a distributed public ledger
- **Decentralization:** Verified & maintained by a global network of computers
- **Digital Wallet:** Stores keys for sending & receiving cryptocurrency

Benefits

- Decentralization
- Lower transaction fees
- Fast Transactions
- Security through cryptography
- Transparency
- Generates high returns

Challenges

- Pseudonymous transactions
- Price volatility
- Regulatory uncertainty
- Potential for criminal use
- Scalability Issues
- High energy use in mining



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Read More: [India-Bhutan Ties and Subnational Diplomacy](https://www.drishtiias.com/printpdf/bhutan-launched-first-crypto-tourism-payment), [Need for Balanced Cryptocurrency Regulation](https://www.drishtiias.com/printpdf/bhutan-launched-first-crypto-tourism-payment)