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Pakistan's Crypto Gamble: High Stakes in Digital Gold Rush

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Pakistan's move toward adopting cryptocurrency as a tool for financial innovation has sparked a range of policy discussions, particularly regarding its proposed use of surplus energy for crypto mining and plans to attract foreign investment in the sector.

Officials, including crypto adviser Bilal Bin Saqib, have promoted the initiative as a step toward compliance and modernization. However, critics point to a number of challenges. These include potential risks related to money laundering, the uneven distribution of benefits, and the environmental impact of energy-intensive crypto mining operations.

The government's engagement with global cryptocurrency actors has raised questions. For instance, Changpeng Zhao, the former CEO of Binance who faces legal scrutiny in other jurisdictions, has reportedly offered input to the advisory council. Meanwhile, previous reports of groups such as Tehrik-i-Taliban Pakistan (TTP) using platforms like Binance to solicit donations have drawn attention to the risk of misuse for illicit financing.

Cryptocurrency is often promoted as a hedge against inflation and currency depreciation. However, the economic benefits remain uneven. Stablecoins pegged to the U.S. dollar may offer advantages for wealth preservation, but observers note that these tools are more accessible to affluent users than to underserved populations. For example, many low-income women in Pakistan continue to face barriers to accessing traditional banking services, which complicates the narrative of broad-based financial inclusion through cr



Environmental implications are also under scrutiny. Studies show that Bitcoin mining consumes large amounts of electricity and contributes significantly to carbon emissions. This has raised concerns about alignment with Pakistan's climate policies and its international appeals for environmental aid, particularly given the country's vulnerability to climate-related disasters and water scarcity.

The government has yet to clarify how it will address these overlapping challenges while pursuing crypto-based initiatives. Policymakers continue to weigh the potential benefits of digital finance against risks to financial stability, regulatory compliance, and environmental sustainability.