

Criminalization of Dealing with Virtual Currencies in Algeria: A Reading of Law No. 25-10 Dated July 24, 2025

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Abstract

The legislator enacted Law No. 25-10, dated July 24, 2025, which amends Law No. 05-01, dated February 6, 2005, regarding the prevention and combating of money laundering and terrorist financing. This law explicitly prohibits the issuance or circulation of digital currencies and virtual assets as an official measure to counter money laundering and the financing of terrorism. The prohibition is stipulated in Article 6 bis, encompassing the issuance, purchase, sale, use, possession, trading, or promotion of any virtual assets. Furthermore, it bans the creation or operation of platforms dedicated to their trading, classifying them as properties, proceeds, funds, or other assets of financial value.

Additionally, the legislation expressly forbids the use of virtual assets, including digital currencies, as a means of payment or their recognition as currency or investment instruments. This measure is a precautionary

response grounded in the principle of legislative caution that underpins the nation's financial and security policies. It arises from the inherent difficulties in tracing financial transactions involving digital currencies and their potential exploitation for money laundering and financing illicit activities.

Key words: *digital currencies; trading; crime; money laundering; penalty.*

Introduction

Algeria enacted Law No. 25-10, dated July 24, 2025, amending and supplementing Law No. 05-01 concerning the prevention and combating of money laundering and the financing of terrorism. This law explicitly criminalizes engagement with virtual currencies, such as Bitcoin, within Algerian territory. It prohibits the issuance, trading, mining, or even the promotion of digital

currencies, subjecting violators to criminal penalties.

This legislation follows a series of prior measures implemented by Algeria since 2018, when the use of digital currencies was initially prohibited under the Finance Law of that year. The rationale for criminalizing transactions involving virtual currencies in Algeria is rooted in multiple economic, security, and legal factors. Algerian authorities aim to safeguard the national financial system from unregulated transactions, as virtual currencies, by virtue of their decentralized nature, fall outside the jurisdiction of central banks, complicating the tracking of related financial activities. Such opacity gives rise to concerns about their use in unlawful activities, including money laundering, terrorist financing, and illicit trade.

Simultaneously with the enactment of the law criminalizing dealings with virtual currencies in Algeria, certain Arab states recognized the legitimacy of such activities; notably, the Hashemite Kingdom of Jordan authorized them under Law No. 14 of 2025.¹

The principal issue addressed by this research concerns the conceptualization of virtual currencies, distinguishing them from electronic money. It further explores the legal

prohibition on dealing with them under the 2018 Finance Law and Law No. 25-10, the sanctions imposed, and the extent of their connection to illegal activities such as money laundering and the financing of terrorism.

1: The Concept of Virtual Assets

Virtual assets represent one of the most significant products of the digital revolution, existing exclusively in the digital sphere. These assets are generated through computer programs and stored in electronic wallets, accessible via computers and smartphones connected to the internet.

Article 117, paragraph two, of the 2018 Finance Law, defined them as follows: "Virtual currency is that which internet users employ through the internet network. It is characterized by the absence of any physical representation, such as coins, banknotes, or payment operations by check or bank card."²

This definition highlights that virtual currencies are distinct from digital money, which denotes a cash balance electronically loaded onto a plastic magnetic card issued by banks.³

Moreover, Article 02 of Law No. 25/10, which amends and supplements Law No. 05/01 on the prevention and combating of money

¹Law No. 14, enacted in 2025, concerning the regulation of dealings in virtual assets, Official Gazette No. 3084.

²Law No. 17-11, dated December 27, 2017, establishing the Finance Law for the year 2018, Official Gazette No. 76, published on December 28, 2017.

³Farida Haddad and Abdelhak Grimes, "Virtual Currency in Algerian Law," Algerian Journal of Legal and Political Sciences, Vol. 58, No. 03, 2021, p. 381.

laundering and terrorist financing, further defines virtual assets as:

Virtual assets are defined as digital values that may be traded and transferred electronically and can be used for payment and investment purposes. These assets do not include digital value operations associated with fiat currencies, securities, or other recognized financial assets.⁴ This definition is substantively consistent with that set forth in Article 117 of the previously referenced 2018 Finance Law.

Bitcoin constitutes the most prominent example of a virtual currency. It is a digital currency and a global payment system that may be compared to conventional currencies such as the euro and the dollar; however, it differs in several fundamental respects, most notably its fully electronic nature, its exclusive circulation via the internet, and the absence of any physical form. Moreover, it represents the first decentralized digital currency, setting it apart from traditional currencies through the lack of a central regulatory authority overseeing its issuance or circulation.⁵

The use of virtual currencies, particularly Bitcoin, expanded significantly in 2008 and is attributed to an individual or group operating

under the name "Satoshi." This development coincided with the emergence of blockchain technology, which is based on cryptographic mechanisms that enable the generation, storage, and execution of transactions in an anonymous manner.⁶

Virtual currencies possess a number of defining characteristics, which may be summarized as follows:

- **Monetary Value:** Despite their electronic form, these units used for payment embody a financial value that qualifies them as instruments of settlement.
- **Stored on Electronic Media:** Virtual currencies, whether held in electronic or virtual wallets, rely on cryptographic techniques to ensure authentication, security, trust, and data integrity. They essentially consist of encrypted data stored on electronic media, such as computer memory or plastic cards, thereby differing from traditional money printed on paper or minted as metal coins.
- **Not Linked to Bank Accounts:** The significance of this characteristic lies in distinguishing virtual currencies from

⁴Law No. 25-10, dated July 24, 2025, amending and supplementing Law No. 05-01, dated February 6, 2005, concerning the prevention of money laundering and the financing of terrorism, Official Gazette No. 48, issued on July 24, 2024.

⁵GajaliMouhieddine, "Virtual Currency and Its Impact on the National Economy and Stakeholders: An Analytical Study of the Algerian Legislator's Position,"

Journal of Contemporary Research and Studies, Vol. 01, No. 01, 2021, p. 145.

⁶Hiba Abdel Moneim, "The Reality and Prospects of Issuing Digital Currencies," Policy Brief: Issue No. 11, February 2020, p. 01.

other electronic payment instruments. Such instruments are typically electronic cards connected to customers' bank accounts, enabling payment for goods and services in exchange for commissions paid to the issuing bank.

- **Private Money:** In contrast to legal tender issued by public central banks, virtual currencies are, in most jurisdictions, issued by private companies or credit institutions. For this reason, they are commonly described as “private money.”⁷

2: The Legal Framework for Criminalizing Dealings with Virtual Currencies in Algeria

The prohibition of dealings in virtual currencies was addressed by the Algerian legislator through Article 117 of Law No. 17-11, constituting the Finance Law for 2018. This provision prohibited all forms of engagement with virtual currencies, including their purchase and sale in exchange for official fiat currencies, as well as their use as instruments of settlement for obtaining goods and services.

The prohibition also extends to the mere possession of such currencies in electronic wallets specifically designed for their storage, even in the absence of active trading. Any

conduct in violation of this prohibition is subject to the penalties stipulated in the applicable laws and regulations.

Nevertheless, enforcement challenges arise due to the ambiguity surrounding the punitive measures applicable to breaches of this prohibition. The provision was limited, in its third and final paragraph, to a general reference to applicable laws and regulations, without the existence of a prior legal or regulatory framework specifically governing virtual currencies or prescribing penalties for engaging in related activities.⁸

Law No. 25-10, amending and supplementing Law No. 05-01 on the prevention and combating of money laundering and terrorist financing, subsequently addressed the offense of dealing in virtual currencies and established the corresponding penalties. This legislative intervention formed part of broader efforts to counter money laundering and terrorist financing, in accordance with national and international initiatives aimed at addressing these risks.

With the global escalation of money laundering and terrorist financing activities linked to digital currency transactions, governments and regulatory authorities have adopted legislative measures and issued directives obligating banks and financial institutions to exercise heightened vigilance,

⁷GajaliMouhieddine, op. cit., p. 145 et seq.

⁸Farida Haddad and Abdelhak Grimes, op. cit., p. 385.

particularly in their dealings with foreign financial entities.⁹

According to the Chainalysis report on cryptocurrency crimes for 2020, between 2017 and 2022, virtual currencies were employed in money laundering operations exceeding \$33 billion in value, with a significant portion of these funds routed through electronic trading platforms. In 2021 alone, the total volume of such funds neared \$9 billion, of which more than \$750 million was channeled to decentralized finance platforms. These platforms have increasingly functioned as avenues for investing proceeds derived from illicit activities, with 2022 witnessing the highest recorded levels of such activity. Consequently, the European Parliament and the United States administration have implemented stricter anti-money laundering regulations targeting decentralized finance.

The anonymity inherent in electronic transactions utilizing virtual currencies, coupled with the absence of transparency regarding the identities of the involved parties, substantially facilitates their exploitation in unlawful activities. This phenomenon is particularly pronounced due to the decentralized structure of these currencies and their exemption from governmental oversight,

thereby transforming them into conduits for conducting suspicious transactions beyond the reach of cross-border capital movement regulations.¹⁰

Article 6 bis, introduced by Law No. 25-10 referenced above, stipulates: "It is prohibited to issue, purchase, sell, use, possess, trade, promote, or establish or operate platforms for trading virtual assets, which are considered properties, proceeds, funds, or other assets, or any other equivalent value:

- As a means of payment or as recognition as a currency.
- As a means of investment.

The prohibition includes activities related to the mining of virtual currencies."

With respect to the prescribed penalty, Article 31 of the same law states: "Without prejudice to harsher penalties stipulated in the applicable legislation, anyone who violates the provisions of Article 6 bis of this law shall be punished with imprisonment for a period of two (02) months to one (01) year, and a fine ranging from 200,000 DZD to 1,000,000 DZD, or with either of these two penalties."

To address the mounting risks associated with cryptocurrencies, the Bank of Algeria has issued new directives requiring banks and payment institutions to enhance monitoring

⁹Gaamoussi Houari, "The Criminalization of Digital Virtual Currency under Law No. 25-10 on Money Laundering in Algeria," *Algerian Journal of Law and Political Sciences*, Vol. 10, No. 02, 2025, p. 509.

¹⁰PAWEŁ OPITEK, AGNIESZKA BUTOR-KELER, KAROL KANCLERZ, "Selected Aspects of Crime

Involving Virtual Currencies," Issue 4 (4), <https://doi.org/10.4467/27204383TER.23.030.18332>, p. 334.

mechanisms and identify transactions involving virtual assets, specifying fourteen indicators of suspicious activity that necessitate immediate scrutiny.

The fourteen indicators of suspicion, classified into three categories, comprise:

- Financial indicators, including transfers to websites or platforms recognized for cryptocurrency trading.
- Persistent alterations in Internet protocol addresses during transactions, as well as connections between these addresses and the dark web.
- Attempts to transfer funds to platforms previously designated as suspicious.

The guidelines, articulated in Instruction No. 06/2025 issued on November 12, 2025, establish a prohibition on any relationship or transaction suspected of relating to virtual assets within banks and Algeria Post.

The updated directives require banks to upgrade electronic monitoring systems using keywords such as “Bitcoin” and “Ethereum,” develop mechanisms to detect the use of mixing tools and anonymous wallets, conduct thorough investigations across social media and websites, periodically update customer data and verify the origin of funds, and provide continuous training for employees regarding emerging fraud techniques.

The Bank of Algeria has mandated that financial institutions report suspicious transactions without delay to the Financial Intelligence Processing Unit, maintaining strict confidentiality and withholding any notification from the client. Additionally, it has warned that breaches of these directives will subject the violators to penalties as stipulated by law.

These measures represent a substantial step forward in fortifying the Algerian financial system against risks stemming from technological advancements. They reflect the authorities’ commitment to remaining aligned with international trends in combating electronic financial crimes, ensuring the stability of the financial sector, and safeguarding depositors against potential threats associated with cryptocurrencies.

Overall, these initiatives seek to establish a digital protective barrier, shielding the national economy from emerging threats in the digital era, while maintaining an equilibrium between fostering financial innovation and preserving the stability of the financial system.¹¹

Conclusion

Accordingly, and in light of the above, the following key findings have been established:

- The prohibition of virtual currencies in Algeria exemplifies the application of

¹¹Hafid Soualili, "The Bank of Algeria Intensifies Supervision of Cryptocurrencies: A Detailed Directive Sent to Financial Institutions to Enhance Vigilance,"

article published in El Khabar Newspaper, dated 23-11-2025.

the principle of legislative caution—that is, an approach grounded in prudence and vigilance—to preserve financial security and stability, and to mitigate the risk of proceeds from virtual assets being used to finance terrorism or facilitate money laundering.

- The reinforcement of the banks’ supervisory role in tracing the origins of client funds, together with the mandated obligation to report any identification of suspicious funds or unidentified wallets, demonstrates the state’s practical commitment to the criminalization of dealings in virtual assets.

In consideration of these findings, the following recommendations are advanced:

- It is essential to invest in skill development, expand relevant knowledge, foster specialized expertise, and adopt recognized best practices to enhance the effectiveness of investigations targeting illicit assets, as well as to implement innovative methodologies for uncovering unlawful activities and transactions occurring within concealed markets and decentralized mechanisms used in money laundering schemes.
- Establishing a comprehensive legal and institutional framework enabling the

recovery of illicit assets by state authorities, including assets of a virtual nature.

- Promoting deeper collaboration with INTERPOL and leveraging its suite of support services available to the law enforcement agencies of its 195 member states to intensify the fight against financial crime.
- Formulating a robust legal framework to govern the activities of content creators and social media influencers, with the aim of tracing the sources of funds entering their accounts and reinforcing oversight of any practices contravening legal provisions, including the trading of virtual assets.

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