

FINANCIAL SERVICES

Cryptocurrencies take a hit after Chinese scrutiny

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Cryptocurrencies are largely unregulated. Image credit: Unsplash

By LUXURY DAILY NEWS SERVICE

Digital currencies have seen sharp drops in recent days, with many cryptocurrencies seeing double-digit percentage losses.

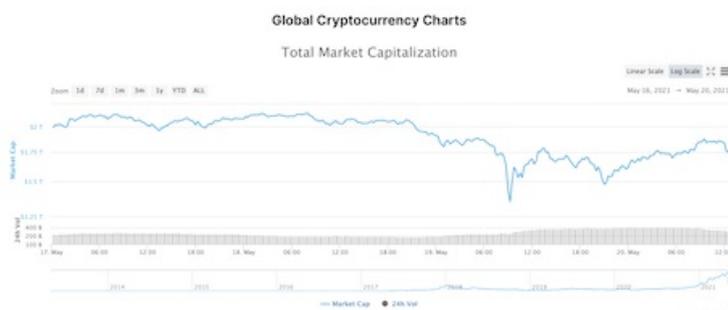
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Several cryptocurrencies, including bitcoin and ethereum, are still up from the start of the year. However, the recent fluctuations caused by several factors including regulatory concerns and criticisms from Tesla's Elon Musk highlight the volatility of these investments.

Highs and lows

On May 18, several organizations in the Chinese banking industry, including the National Internet Finance Association of China and the China Banking Association, announced a prohibition against payments platforms and financial institutions providing services related to unregulated digital currencies.

"Cryptocurrencies are a specific type of virtual commodity that are not issued by a monetary authority, do not possess the qualities of money such as statutory status, are not real money, and should not be employed as money for circulation in the market," said the statement, according to [Regulation Asia](#).



The global cryptocurrency market has had a turbulent week. Image credit: CoinMarketCap

While this is not the first time China has warned against cryptocurrencies, it led to sell offs across the sector.

Bitcoin, the largest digital currency, tumbled to below \$31,000 on May 19 but has started bouncing back. At press time, bitcoin has climbed to more than \$40,000, but this is still down from this week's high of more than \$51,000.

While down from its record high of \$64,863 on April 14 a fall of almost 36 percent bitcoin is still up by about 40 percent on the year.

Ethereum is also down almost 40 percent since its all-time high of \$4,362 on May 12, but has started an uneven comeback.

Also impacting bitcoin was the recent announcement by Mr. Musk, CEO of Tesla, that the automaker would no longer accept bitcoin as payment due to environmental concerns. The reversal comes months after the automaker revealed it had invested about \$1.5 billion in the digital currency ([see story](#)).

More services geared towards affluent consumers have begun accepting cryptocurrencies, including online retailer Jomas. Cryptocurrency-friendly online travel agency Travala recently launched a personalized service for high-net-worth travelers with annual spend of at least \$50,000 ([see story](#)).

Digital currencies such as ethereum are also the preferred payment method when investing in NFT ([see story](#)).

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