
TAMING THE WIND: CRYPTOCURRENCY, INTERNATIONAL LAW, AND NIGERIA'S NATIONAL SECURITY

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This study aimed at exploring how international law can be extended to the cryptocurrency space and the plausible effects that this may have on the national security of Nigeria by reviewing relevant sources of information. The research questions that were addressed in this paper included: 'In what ways can international law be used to regulate the cryptocurrency market?' and 'How will such regulations impact national security in Nigeria?' The study found that Nigeria presents a case where cryptocurrency was banned and yet, its adoption has been increasing and its prohibition has worsened its use for illegal activities that threaten national security and economic health. Individuals and organisations have found ways to trade and own cryptocurrencies in the country without getting detected by relevant authorities in the country. By implication, Nigeria needs to re-consider its stance on cryptocurrency regulation. Most importantly, the development of an international regulatory framework that facilitates the successful extension of international law to the regulation of cryptocurrency can help Nigeria to improve its national security by tackling terrorist and other crime funding and tackling the use of cryptocurrency for corrupt practices such as money laundering and tax evasion.

Keywords: *blockchain-enabled technologies, cryptocurrency, decentralisation, national security, Nigeria, terrorism, user autonomy.*

1. Introduction

Several countries have begun exploring or introducing digital currencies, driven by diverse economic, strategic, and technological motivations. For example, China's digital yuan and the Bahamas' Sand Dollar exemplify efforts to create state-backed digital currencies, also known as Central Bank Digital Currencies (CBDCs). The primary motivations behind these initiatives range from enhancing financial inclusion and reducing cash dependency to strengthening national control over financial systems (Narain and Moretti 2022). However, the emergence of CBDCs, especially from major economies like China, represents a potential challenge to the dollar's supremacy. CBDCs could offer alternative settlement mechanisms for international trade, bypassing dollar-dominated systems such as SWIFT. For instance, China has actively promoted the digital yuan for use in cross-border trade, especially with its Belt and Road Initiative partners (Li *et al.* 2023). Such initiatives enable countries to trade directly without relying

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on the US dollar, thereby reducing exposure to the US financial sanctions or economic pressures (Ozili 2022). Additionally, cryptocurrencies themselves pose a more decentralized challenge to the dominance of the dollar. With their ability to facilitate borderless transactions, cryptocurrencies could reduce reliance on fiat currencies entirely (Miraz and Ali 2018; Omosibi 2022; Uzougbo *et al.* 2024). Bitcoin, for example, has been used in countries like El Salvador, where it has been adopted as legal tender, as a hedge against dollar dependency (Alvarez *et al.* 2023). However, the extent to which digital currencies – whether state-backed or decentralized – can truly undermine the hegemony of the dollar is still in question.

Numerous nations have initiated the development and implementation of CBDCs to adapt to the evolving digital economy. China has been a global leader with its Digital Yuan (e-CNY), which is part of the country's strategy to modernize its financial system and increase control over domestic and international transactions (Kshetri 2023). Similarly, smaller nations like the Bahamas launched the Sand Dollar, the world's first fully deployed CBDC, aiming to improve financial inclusion for underserved communities (Branch *et al.* 2023). In Sweden, the development of the e-Krona reflects the country's ambition to transition away from cash as it moves closer to a cashless society (Schumacher 2024). In addition to these trailblazers, larger economies like the European Union, through the Digital Euro, and India, with its pilot CBDC program, are exploring digital currencies to safeguard monetary sovereignty and adapt to the global digital shift (*Ibid.*). Nigeria, too, introduced the eNaira, becoming the first African nation to adopt a CBDC, in a bid to enhance financial inclusion and combat the instability associated with cryptocurrencies (Akindipe *et al.* 2023).

The adoption of cryptocurrency has been seeing a steady growth, albeit challenged by security concerns and antagonising policies, since its inception in 2008 with the first cryptocurrency – Bitcoin (Al-Amiri *et al.* 2019). Burgess (2024) concurs, stating that cryptocurrency, despite facing some setbacks regarding its reputation (due to its use in the funding of fraud and terrorism), it has witnessed a steady increase in use and popular acceptance. In recent years, higher adoption and transaction volumes are being recorded due to the increase in the public's knowledge about blockchain and cryptocurrency and due to the introduction of cryptocurrency-related innovations such as non-fungible tokens (NFTs), Web3.0, and the Metaverse (Xiong and Luo 2024; Ante 2023). According to Statista (2025), the global cryptocurrency sector will generate US\$45.3 billion by 2025. With a compound annual growth rate (CAGR 2025–2025) of NaN%, it is anticipated to reach a projected total of US\$45.3 billion by 2025.

However, the central nature and the selling points of cryptocurrencies – decentralisation and user autonomy – make it highly difficult to provide and implement legislative actions in the cryptocurrency landscape. According to Politou *et al.* (2021) and Uzougbo *et al.* (2024), decentralisation essentially refers to the distribution of the processes of transacting cryptocurrencies and other related activities across multiple servers; and it also refers to the concept of zero governance, that is, cryptocurrency, its ownership, and transactions are not controlled by any central regulatory authority. This implies that in cryptocurrency systems, decentralisation promotes the best possible security, quick transactions, and transparency. The zero-governance nature of bitcoin decentralisation implies that government agencies have little power to impose any kind of

regulation or control over cryptocurrency operations. Governments cannot seize or control an individual's cryptocurrency assets unless the individual voluntarily gives up their means of accessing the assets, unlike traditional banks where apex regulators or the government can do so because of suspicious transactions or illegal activity (Hashemi 2024; Diyorbek *et al.* 2024).

Considering the illegal activities that are perpetrated through cryptocurrency systems, different regions of the world are developing their legislative frameworks for governing cryptocurrencies but, more importantly, there is a growing discourse on developing an international law for governing cryptocurrency markets. The World Economic Forum (2021) asserts that legislative input from international bodies for the regulations of cryptocurrency is important because they influence regulations in countries and provide frameworks for addressing international cryptocurrency-related disputes. Uzougbo *et al.* (2024) submissions also echo this need for regulations to Crypto, asserting that developing regulatory bodies for cryptocurrency, at an international level, will improve the safety of transactions and innovations in the space.

A pivotal development in this arena is the United States' policy shift under President Trump's administration. On January 23, 2025, President Trump signed the executive order titled 'Strengthening American Leadership in Digital Financial Technology,' marking a substantial change in the U.S. government's approach to digital assets. This order emphasizes the administration's commitment to fostering the responsible growth and utilization of digital assets, blockchain technology, and related innovations across all economic sectors (The White House 2025).

A central tenet of the executive order is the protection and promotion of individual and private-sector rights to access and employ open public blockchain networks for lawful purposes. This includes the development and deployment of software, participation in mining and validation processes, conducting transactions without unlawful censorship, and maintaining self-custody of digital assets. By advocating for these freedoms, the administration aims to cultivate a vibrant and inclusive digital economy that encourages innovation and ensures fair access to financial services (Krause 2025). In addition to promoting blockchain technology, the executive order addresses the sovereignty of the US dollar. It calls for actions to support the development and global expansion of lawful and legitimate dollar-backed stablecoins. This initiative seeks to enhance the prominence of the dollar in the international digital economy, providing a stable and reliable medium for digital transactions. Concurrently, the order expresses concerns regarding Central Bank Digital Currencies (CBDCs), highlighting potential risks to financial stability, individual privacy, and national sovereignty. As a precautionary measure, it prohibits the establishment, issuance, circulation, and use of any CBDC within the United States (Krause 2025).

To further solidify the nation's leadership in digital financial technology, the executive order establishes the President's Working Group on Digital Asset Markets. This group, operating under the National Economic Council and chaired by the Special Advisor for AI and Crypto, is tasked with developing a federal regulatory framework for digital assets. Its responsibilities include evaluating the creation of a strategic national digital assets stockpile and ensuring that regulations are technology-neutral, transparent, and

conducive to innovation. This approach aims to provide clarity and certainty for stakeholders, fostering a robust digital asset ecosystem.

The executive order also mandates the revocation of previous policies deemed restrictive to the digital asset industry. Specifically, it rescinds Executive Order 14067 of March 9, 2022, titled 'Ensuring Responsible Development of Digital Assets,' and the Department of the Treasury's 'Framework for International Engagement on Digital Assets' issued on July 7, 2022. By eliminating these directives, the administration aims to remove barriers hindering innovation and establish a more favorable environment for the growth of digital financial technologies (Krause 2025). This policy shift has elicited varied responses from industry stakeholders and the global community. Companies like Robinhood Markets have announced plans to expand their cryptocurrency trading services, anticipating a more supportive regulatory environment under the current administration. Robinhood's acquisition of the crypto exchange Bitstamp exemplifies its strategy to enhance crypto offerings and attract institutional clients, reflecting confidence in the administration's pro-innovation stance.

However, the rapid advancement of digital financial technologies has also raised legal and constitutional questions. A notable instance involves a federal judge expressing concerns about the constitutionality of the US Department of Government Efficiency Service (DOGE) and its association with Elon Musk. The judge highlighted potential violations of the appointments clause of the Constitution, emphasizing the necessity for Senate-confirmed officials to oversee federal agencies. This case underscores the complexities and challenges inherent in integrating private sector innovations within public sector frameworks. Internationally, the US policy shift is poised to influence global discussions on digital asset regulation and adoption. As nations observe the United States' approach to fostering innovation while safeguarding economic liberty, it may serve as a model or catalyst for other countries to re-evaluate their positions on digital financial technologies. The emphasis on protecting individual rights, promoting technological advancement, and maintaining national sovereignty presents a comprehensive framework that balances innovation with regulation.

Thus, questions about the best approach to developing international law for cryptocurrency regulation and the enforceability of the laws, however, persist in literature. According to Zhuk (2025), it is highly questionable whether private international law can compete with legal relationships that are established online, particularly using a decentralised infrastructure like cryptocurrencies. This makes it crucial to carefully examine the characteristics of cryptocurrencies and how international law could be applied to their regulation so that it is both enforceable and comprehensive. It is also essential to examine the possible consequences of international legislation pertaining to cryptocurrencies on particular nations. In this vein, the current paper is aimed at exploring how international law can be extended to the cryptocurrency sphere and the plausible effects that this may have on Nigeria's national security by reviewing relevant sources of information. The research questions that will be addressed in this paper are:

1. In what ways can international law be used to regulate the cryptocurrency market?
2. How will such regulations impact national security in Nigeria?

2. Review of Literature

The consideration of cryptocurrency within the provisions of law has been addressed in literature to be complicated, especially in issues related to international resolution. According to Munoz (2020), there has been little investigation into the applicability of international law to blockchain-enabled technologies such as cryptocurrencies, and this is mostly because cryptocurrency disputes or the general nature of cryptocurrency appears to be non-addressable by the law. Additional insight is provided by Zhuk (2025), who discusses the argument regarding the challenge of applying international law to cryptocurrencies by demonstrating how traditional arbitration is rarely used for resolving disputes in e-commerce disputes due to differences in national legal provisions regarding consumer rights and disputes. There are several challenges in applying international law to regulate the use of cryptocurrency and deal with problems that arise from its transactions, such as disagreements, agreement violations, and crime funding, when parties are primarily anonymous and there are few indications of national origin.

A central idea that is shared among the consulted studies is that the decentralised nature of cryptocurrency challenges the traditional approach to employing legal interventions. The decentralised nature of cryptocurrency arises from its reliance on the blockchain technology which functions by distributing its nodes and operations across multiple servers and, as such, blockchain is referred to as a distributed ledger technology (DLT) (Munoz 2020; Burgess 2024). Guillaume and Riva (2022) particularly reflect on a concept in cryptocurrency and blockchain-enabled platforms that is called ‘decentralised autonomous organisations’ (DAO). DAO is a form of governance in blockchain-enabled platforms which means that users have full control over their activities and platforms cannot make any authoritative decisions on users' assets or accounts (Burgess 2024; Guillaume and Riva 2022; El Faqir *et al.* 2020). The nature of this governing style in cryptocurrency platforms invariably limits the extent to which laws can be enforced on the platforms.

Yermack (2024) identifies bitcoin as a payment system and compares it to payment systems based on regulated banking networks like credit card companies, PayPal, and Western Union. Given that cryptocurrency networks are not subject to central authority regulation like PayPal and Western Union, this raises concerns about the applicability of international law in the context of cryptocurrency systems. Furthermore, Guillaume (2019) considers cryptocurrency within the framework of private international law. The author moves from noting that cryptocurrency transactions have a legal scope as they suggest agreement between involved parties, to discussing that international private laws function by deploying the most relevant state-level private laws; and this ‘method does not appear appropriate, insofar as the Internet – like the blockchain – is an inherently intangible and transnational phenomenon’ (Guillame 2019: 61). Hence, the problem in identifying the regional sources of cryptocurrency transactions remains a challenge in the extension of international (private) law to cryptocurrency systems.

The lack of uniformity in national approaches to regulation of cryptocurrency assets and systems as identified is expressed in Narain and Moretti (2022), in a report for the International Monetary Fund. The authors argue that the issue in the regulation of cryptocurrency assets is not that there has been a lack of provisions for regulatory laws and policies, but that different state authorities have employed contrasting approaches which

may be difficult to harmonise when international law needs to be enforced. A common dichotomy in the regulatory framework for cryptocurrency across nations is that some ban its usage while some promote its use and encourage cryptocurrency brands to open business outlets in their jurisdictions (Narain and Moretti 2022). For instance, the Nigerian government took an opposition stance to the use of cryptocurrency by proclaiming a ban on cryptocurrency transactions in 2021 yet, this has not stopped Nigerians from owning cryptocurrency assets – in fact, the volume of cryptocurrency transactions in Nigeria has been soaring since the ban (Smith 2022). Hence, it may be challenging to address conflicts in a cryptocurrency transaction between a brand from Nigeria and a brand from Japan where the use of cryptocurrency platforms is supported by the government (NotaBene 2022).

For blockchain-enabled systems, Yermack (2024) offers a crucial attempt at applying international law. The author makes the case for regulating international blockchain transactions, including cryptocurrencies, through the General Agreement on Trade in Services (GATS), a 1995 World Trade Organisation convention. This echoes the submissions of Razon (2019), who asserts the need to first conceptualise blockchain and the systems that rely on it as ‘services’ and not goods for the treaty to be applicable. In theory, the application of GATS to blockchain will enable a uniform approach to the application of international law to cryptocurrency activities and transactions/agreements.

A major topic of discussion in literature is the legality of cryptocurrencies, specifically their classification as a type of money or property. According to Kellerman and Seddon (2024), cryptocurrency must be legally recognised as property, or ideally as money, in order for anybody of law to apply to it, particularly in international transactions. Because of this perspective, several legal organisations now call cryptocurrencies ‘digital money’ (Perkins 2020). If cryptocurrencies like Bitcoin, Ethereum, and Dogecoin are adopted globally, it might mean that they are regarded as legitimate forms of payment for business transactions and that it may be against the law to refuse them in exchange for products or services. However, countries like Spain and Argentina have not adopted cryptocurrencies as legal tenders, recognizing them only as private payment systems (Kellerman and Seddon 2024; Cherniei *et al.* 2021; Ehret and Hammond 2021). Furthermore, the instability of cryptocurrencies and their association with scams raises concerns about their potential negative impact on national security and the advisability of adopting them as legal tenders (Uzougbo *et al.* 2024)

Notably, there has been a surge in the creation of ‘stablecoins,’ which are cryptocurrencies with consistent and stable market values similar to those of traditional currencies (Geva and Muraj 2024). Stablecoins are created by tying their value to traditional currencies with sustainable values, like the US dollar or commodities like gold. One prominent example of a stablecoin is Tether, also known as USDT, whose value is tied to the US dollar (Parampathu 2024). Nevertheless, these types of cryptocurrencies do not enjoy the same level of adoption and use as Bitcoin and Ethereum because they do not provide substantial profits or returns on investment due to their static value. This sole market dynamism constitutes a barrier to the extension of international law, as larger volumes of transactions are done with cryptocurrencies whose values are not regulated (*Ibid.*).

Alvarez *et al.* (2023) examine the difficulties in applying international law to the regulation of cryptocurrencies, highlighting the absence of a unified strategy among nations as a major obstacle. They contend that in order to overcome these obstacles and promote international collaboration on cryptocurrency regulation, new international legal frameworks are required. Similar to this, Geva and Muraj (2024) draw attention to the discrepancies and contradictions in national cryptocurrency regulatory regimes that impede the effective implementation of international law. In addition, Geva and Muraj (2024) support a single worldwide regulatory framework to combat transnational crimes like fraud and guarantee the efficient regulation of cryptocurrency marketplaces. Both writers emphasise how crucial international collaboration is to the regulation of virtual currencies.

The following discussions on the digital nature of cryptocurrency (which challenges the enforceability of international law), and the need to develop an international regulatory framework that has the support of all states and stakeholders is reflected in the study by Aleksandrina (2021). The author identifies the infrastructure of smart contracts in cryptocurrency markets which facilitates successful peer-to-peer transactions, and, as such, remains an important aspect in cryptocurrency which needs to be considered in regulatory frameworks. Aleksandrina (2021) expresses two major challenges in the application of the principles of international private law to smart contracts (and cryptocurrencies): (1) the traditional criteria for determining a civil contract or a foreign economic transaction are not inherently applicable for smart contracts; and (2) there is no uniform legal understanding of smart contract across different national regulatory frameworks. Thus, the first step in successfully extending international law to cryptocurrency is to initiate a transformation of the law's principles and framework to reflect dynamics of blockchain technology, cryptocurrency and important features of cryptocurrency markets such as peer-to-peer transactions and smart contracts (Aleksandrina 2021). In addition to this, a uniform approach to the regulation of cryptocurrency markets among nations needs to be promoted to achieve the enforceability of international law across regions.

Held (2024) asserts that the international legislation governing cryptocurrency markets must take into account a variety of technical, legal, and security considerations. These include anti-money laundering (AML) systems, combating the financing of terrorism (CFT) systems, and customer due diligence (CDD)/know your customer (KYC) procedures. For all those standards and related laws, the law must create a common standard in collaboration with cryptocurrency companies, pertinent technology, financial, and security organisations, as well as any willing nations. This will benefit people all across the world. The viability of applying international law to stop transnational money laundering schemes carried out through cryptocurrency systems is one of them (Held 2024; Holman and Stettner 2018; Velkes 2020; Campbell-Verduyn 2018). As per Uzougbo *et al.* (2024), this will also allow countries to address the use of cryptocurrencies to evade taxes in cross-border transactions involving individuals or organisations. Similarly, Tiwari *et al.* (2024) contends that international bodies may be able to restrict cryptocurrency use in order to circumvent global economic penalties if an enforceable international law for cryptocurrencies is developed. Finally, it will help enhance how

countries respond to and combat the use of cryptocurrencies to finance and enable terrorist actions, which has been a very alarming practice in recent years.

2.1. Theoretical Model

There have been varied discussions on the development of legal regulations for technology, yet there are limited theoretical considerations on the link between law and technology or the effects that technological advancements have on law. However, researchers such as Moses (2007), Cockfield and Pridmore (2007), Cockfield (2004), Friedman (2001) and Easterbrook (1996) discuss extensively on moving towards a theory for considering the link between technology and law.

A starting point for theorising a relationship between technology and law is to understand the effects of technology on law (Friedman 2001). Friedman (2001) further outlines three ways in which technology influences law, including:

- 1) by altering the cost of violating and enforcing existing legal rules;
- 2) by altering the underlying facts that justify legal rules; and
- 3) by changing the underlying facts implicitly assumed by law, making existing legal concepts and categories obsolete or even meaningless.

These points from Friedman (2001) focus primarily on how technology may lead to exploring the vulnerabilities in existing legal provisions and how it may affect the applicability of law. This is because, depending on the time, technology can revolutionize several social interactions and modes of operation in different spheres. This issue is highlighted by Lescrauwaet *et al.* (2022) who states that new technology presents a challenge to traditional legal processes, as the framework guiding those processes may not be intrinsically applicable to new technologies. From this viewpoint, it can be understood that theoretical approaches to the relationship between law and technology must include a reflection on how technologies can inform legal procedures and their application.

Another author considers how technology can affect law in a slightly related manner to Friedman (2001). Moses (2007) identifies four ways in which technology can pose new difficulties for law, they include:

- 1) the potential need for laws to ban, restrict or, alternatively, encourage a new technology;
- 2) uncertainty in applying existing legal rules to new practices;
- 3) possible over- or under-inclusiveness of existing legal rules as applied to new practices; and
- 4) alleged obsolescence of existing legal rules.

Moses (2007) highlights legal considerations for cryptocurrency, noting its prohibition in some countries and restriction in others, and encouragement elsewhere. He also questions whether existing legal frameworks can fully address blockchain-enabled transactions, public access to transaction details, non-fungible digital assets, and security frameworks.

Debates on the applicability of law to technology have led to two main arguments. Easterbrook (1996) advocates multiple theories to explain each relationship between technology and law, although this approach is resource-intensive given rapid technological evolution. In contrast, Cockfield and Pridmore (2007) propose a general theory linking technology with law, emphasizing their mutual influence. Cockfield's (2004) model

includes three components: (1) relationships between law and technology, (2) user behavior at individual or group levels, and (3) policy outcomes. This broader approach aligns with the diverse applications of cryptocurrency.

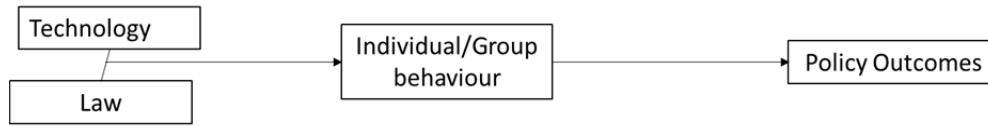


Fig. 1. A general theory of technology and law

Source: Cockfield 2004.

The first component examines whether a technology can be regulated within existing legal frameworks or requires new laws, shaping the legal response (Cockfield and Pridemore 2007). Legal restrictions can drive illegal use, while regulation promotes compliance. Cockfield (2004) argues that observed user behavior – both legal and illegal – should inform policy development to ensure regulations reflect real-world impacts.

This theory applies to the relationship between cryptocurrency and international law, its effects in Nigeria, where no global policy exists despite widespread usage. To address this gap, it is necessary to analyze individual and group behavior in the use of cryptocurrency. Figure 2 below illustrates this approach.

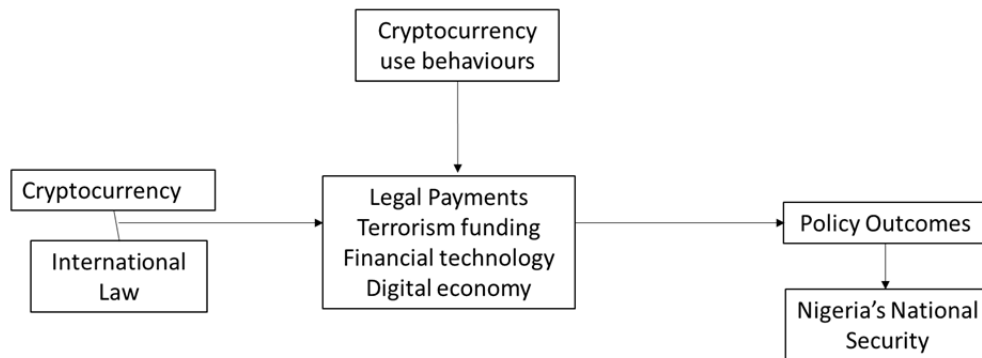


Fig. 2. Theoretical model, adapted from Cockfield (2004)

3. The Effect of Extending International Law to Cryptocurrency on Nigeria's National Security

Nigeria provides a distinctive case of the cryptocurrency market. The Nigerian government prohibits the use of cryptocurrencies, and this prohibition is enforced through banks monitoring and flagging cryptocurrency-related deposits and payments (Smith 2022; Nwanisobi 2021). Despite this legal prohibition of cryptocurrency, reports show an increase in cryptocurrency transactions, ownership, and the use of cryptocurrency-related technologies such as NFTs, in Nigeria (Smith 2022). Ahmed *et al.* (2025) attribute the continued boom of the cryptocurrency market despite the ban to the existing volume of cryptocurrency ownership, citizen use of cryptocurrencies to avoid the effects of the Naira devaluation over the time, selling and management of cryptocurrency

as a form of self-employment, and the use of cryptocurrency for seamless cross-border transactions. Surprisingly, after banning cryptocurrencies, the Nigerian government launched a digital currency called 'eNaira' as a form of home-grown and regulated digital money, but the Central Bank of Nigeria has noted that the eNaira does not use the blockchain/cryptocurrency infrastructure.

The Nigerian government banned cryptocurrency, citing its use by criminals to operate beyond governmental oversight, particularly in terrorism and kidnapping (Premium Times 2022; Ebekozi *et al.* 2024). However, the ban has worsened the situation, pushing transactions into unregulated black-market systems beyond the reach of financial authorities. Previously, users could convert cryptocurrency into Naira through exchange platforms, but the ban forced both legal and illegal users to bypass regulatory routes (Premium Times 2022).

Rather than curbing crime, the ban has made it harder to detect illegal activities. Beyond security concerns, cryptocurrency adoption in Nigeria continues to rise, posing risks to the Naira amid its devaluation (Ahannaya *et al.* 2021). Moreover, cryptocurrency is linked to corruption, including money laundering and embezzlement (Fakunmoju *et al.* 2022). Studies (Ebekozi *et al.* 2024; Oliyide and Ayodele 2024) indicate that poor data access hinders accurate assessments of crypto-related fraud, while weak law enforcement allows illicit activities to thrive. While Nigeria is not the only country to have banned cryptocurrency, the outlined and discussed dynamics of the cryptocurrency market in Nigeria show that the legal prohibition of cryptocurrency is not the most effective approach to cryptocurrency regulation in the country. Instead, the country should develop a robust regulatory framework that legalizes and monitors its use (Ahannaya *et al.* 2021). Within the context of this study, the development of a national regulatory framework for cryptocurrency in Nigeria, which supports the extension of international law to the regulation of cryptocurrency, is essential. Subsequent discussions examine the implications of this for national security in Nigeria.

3.1. Curtailing Terrorism Funding

As identified earlier, terrorism is one of the major criminal activities that are funded through cryptocurrency channels in Nigeria. This security challenge is also a global issue. According to Wardhana and Nugroho (2021) and Adaramola (2025) cryptocurrency is an alternative financial system that facilitates user-controlled assets and user-to-user transactions without middlemen or regulatory oversight functions. This has enabled terrorist organizations across the world to conduct transactions and make payments that support their illegal activities without being detected by security authorities (Wardhana and Nugroho 2021). Essentially, cryptocurrency forms a financial system used by terrorists to avoid detection and raise funds for their crimes. The current practice of using black markets to sell cryptocurrencies in Nigeria, due to legal prohibition, further strengthens their ability to avoid being detected by relevant Nigerian anti-terrorism and security agencies (Adaramola 2025).

The depth of the evasion of authorities in Nigeria by terrorists – and other criminals such as kidnappers – through the use of cryptocurrencies after the ban is expressed in the report by Premium Times (2022). It is noted that these criminal organizations are now able to transact freely, outside of the radar of Nigerian authorities through cryptocurrency and black-market liquidation. Not only has this reduced the extent to which

relevant authorities can detect suspicious financial transactions, it has – by implication – increased the rates of the perpetrations of these illegal and harmful activities (*Ibid.*). The continuation of this could have severe effects on the national security of Nigeria. The ease of funding and criminal transactions accelerates the growth and infiltration of criminal organizations such as kidnappers and terrorists.

The development and implementation of an international law framework that regulates cryptocurrencies, given that Nigeria subscribes to it, rather than prohibiting cryptocurrencies, can assist the country in fighting terrorism and kidnappings – especially terrorism, as it is a more significant national security threat. McPherson-Smith (2024) asserts that the application of international law to cryptocurrencies has the potential to limit the activities of terrorist groups in Nigeria and other countries. In addition, an improved identification and examination of suspicious cryptocurrency transactions linked to terrorism will make it easier for the international regulatory framework to enforce the law and punish cross-border participants in such transactions. By doing so, Nigeria will be able to combat the growing threat of terrorism in the country.

In the same vein, a report from the Office of the Attorney General, Washington D. C. (2022), expresses that strengthening international law in regulating digital assets such as cryptocurrencies is important for combating terrorism and other criminal activities that can be planned or financed through cross-border interactions. The report notes that the nature of digital assets reduces the level investigation into criminal transactions initiated through them, and further argues that cooperation between international legal bodies and relevant technology companies in the digital asset sector can strengthen legal attempts to combat and investigate criminal transactions involving digital assets. A key contribution of this report is that using international law to regulate cryptocurrencies enables countries to seek cooperation from cryptocurrency companies that are not within their jurisdiction to conform to legal requirements in an investigation. This has implications for Nigeria, as the country can use international law to demand the full cooperation of cryptocurrency companies for the provision of all relevant details in investigations into suspicious or terrorism-related cryptocurrency transactions. This will positively affect tackling terrorism financing through cryptocurrencies in the country.

Finally, the importance of a global regulatory framework in addressing security concerns related to cryptocurrencies worldwide is highlighted in Umar (2024). According to the author, international law's expansion to cryptocurrency regulation can provide a global standard for user registration, business licensing, and corporate accountability in criminal investigations. Nigeria will have a legal platform to identify and investigate transactions that fund terrorism and other illegal activities like kidnapping, thanks to this legislation. It will also provide both domestic and international offenders with a basis for punishment.

3.2. *Maintaining Economic Performance*

According to Fakunmoju *et al.* (2022), their empirical examination of the effects of cryptocurrency trading and monetary corruption on Nigerian economic performance found that cryptocurrency trading facilitates a large volume of monetary corrupt practices and has significant negative effects on the country's economic performance. To curb this outcome, the authors suggest that the Nigerian government needs a comprehensive regulatory approach to the cryptocurrency market in Nigeria to monitor and

control cryptocurrency trading – not a regulatory framework prohibiting cryptocurrency. The implications of these authors' assertions, especially in the light of the use of black markets to liquidate cryptocurrency assets due to their prohibition, are that the unregulated nature of the cryptocurrency market in Nigeria allows individuals and organizations to achieve financial corruption and fraud through cryptocurrency trading, which further negatively affects the country's economy. Ebekozi *et al.* (2024) agree with this assertion, noting that the difficulty in regulating the black market and the generally decentralized nature of cryptocurrency makes it difficult to effectively regulate and thus its effects on economic performance will always be unpredictable.

According to Adaramola (2025), cryptocurrencies have also been used to commit profitable financial crimes and avoid detection. The author points out that the nature of cryptocurrencies, particularly in the absence of restrictions, allows people and organizations to transfer substantial amounts of money that are unnoticed by appropriate government agencies. Additionally, according to Japinye (2024), the use of cryptocurrencies for corrupt purposes has spread around the world. Tax evasion and money laundering rank among the most prevalent corrupt behaviours that can use cryptocurrencies and have an impact on the Nigerian economy (see also Ciupa 2019; Onyeke 2020).

According to Okpalaojiego (2021) and Oliyide and Ayodele (2024), the Nigerian government's prohibition of cryptocurrencies as a response to corrupt and criminal activities that are done through them has only worsened the use of cryptocurrency for illicit financial activities, and by implication, increased the impact of corrupt and criminal activities on the country's economy. The authors' positions also show that banning cryptocurrencies in Nigeria has made it impossible for the country to tax profits and transactions made through cryptocurrencies markets in Nigeria. This implies that the country needs to employ pragmatic regulatory frameworks to use cryptocurrencies, identifying them as a form of personal commercial tender, controlling their use, and taxing profits made through trading.

The extension of international law to the regulation of cryptocurrency can help Nigeria to effectively monitor and regulate the cryptocurrency market in its region, with a focus on reducing money laundering and tax evasion crimes that are committed through the market. Additionally, the development of enforceable international laws on cryptocurrency regulation would enable Nigeria to take legal action against cross-border financial corruption crimes that affect the nation's government, organizations, or individuals.

4. Conclusion

The lack of a central legal framework for the regulation of cryptocurrency at the international level has allowed the perpetration of illegal activities through cryptocurrency channels without detection or successful prosecution. Countries around the world have adopted different extreme approaches to the regulation of the cryptocurrency market. One extreme is to promote the adoption of and spending of cryptocurrency and the other extreme is the prohibition of cryptocurrency. Regardless of the regulatory stances of countries towards the cryptocurrency market, what remains peculiar is that the adoption of cryptocurrency keeps growing and so does its use in illegal activities, which become more sophisticated at both the national and cross-national levels. Therefore, this study emphasizes the need for a unified legal framework at the international level to regulate

cryptocurrency. This would enable nations and international bodies to clamp down the illegal activities conducted through cryptocurrency and address contractual issues and conflicts arising from international cryptocurrency transactions.

The future of cryptocurrencies is shaped by ongoing technological innovation, increasing regulatory attention, and potential mainstream adoption. As central banks like those in China and the Bahamas continue to introduce Central Bank Digital Currencies (CBDCs), there is a possibility of cryptocurrencies becoming more integrated into the global financial system. The rise of blockchain technology, decentralized finance, and innovations like Web 3.0 could further drive adoption. However, the spread of digital currencies poses challenges to traditional fiat currencies and the dominance of the US dollar, especially in regions seeking alternatives to dollar-based systems. Despite these advances, the volatility and security concerns around cryptocurrencies may prompt increased regulation, with countries aiming to curb illicit activities while encouraging financial innovation. As global regulatory frameworks evolve, the future of cryptocurrencies is likely to involve a balancing act between decentralization, government control, and the stability of financial markets.

Nigeria presents a case where cryptocurrencies were banned and yet, their adoption has been increasing and their prohibition has led to their use for illegal activities that threaten national security and economic health. Individuals and organizations have found ways to trade and own cryptocurrencies in the country without being detected by relevant authorities. As a result, Nigeria needs to re-consider its stance on cryptocurrency regulation. Most importantly, developing an international regulatory framework that facilitates the successful extension of international law to the regulation of cryptocurrency could help Nigeria improve its national security by preventing terrorist and other criminal funding as well as tackling the use of cryptocurrency for corrupt practices such as money laundering and tax evasion.

This paper calls on relevant international bodies and state governments to collaborate with cryptocurrency firms and strategize towards the development of an international regulatory framework for cryptocurrencies.

5. Recommendations

For Nigeria and a number of other countries, a reliable and enforceable international legal framework to deal with cryptocurrency-related matters is crucial in addressing many national security concerns and promoting the interests of their citizens, public and private organizations in relation to cryptocurrency markets. Additionally, the enforceability of international laws in the regulation of cryptocurrencies will enable international organizations to address international level crimes and cases where international economic sanctions are evaded through cryptocurrencies. To achieve such enforceable international law in the cryptocurrency landscape, this paper recommends that stakeholders need to agree on the development of a new international regulatory framework that takes into account the dynamics of cryptocurrencies and blockchain, as existing traditional international law may not inherently be applicable to cryptocurrency technologies such as smart contracts and decentralisation.

The stakeholders that will be involved in this agreement include international security, legal and economic organizations such as the World Trade Organization, the Unit-

ed Nations (UN), the Organization for Economic Co-operation and Development (OECD), and the International Law Commission, countries, and global cryptocurrency organizations. These stakeholders should deliberate on an international legal framework that encompasses the security, corruption, and regulatory issues in cryptocurrency markets, which will form a reference regulatory system for each country. This international regulatory framework should emphasize the development and implementation of comprehensive CDD/KYC, AML, and anti-crime funding systems. These will ease crime detection and investigation processes.

With specific focus on Nigeria, the government needs to reconsider its existing prohibition on cryptocurrency. It has been shown that the ban has led to the use of evasive channels for cryptocurrency liquidation, which promotes higher rates of criminal activities through cryptocurrency. Thus, the reconsideration of legalizing and regulating the use of cryptocurrencies should be promoted in the country. A comprehensive legislative framework that monitors and controls cryptocurrency trading and ownership in Nigeria would yield more positive economic and security outcomes, such as reducing the use of cryptocurrencies to fund terrorism or kidnapping, or to launder public funds. To achieve such a regulatory framework, the Nigerian government needs to partner with leading cryptocurrency marketplaces and key opinion leaders in the country. This will facilitate the development of appropriate regulations and promotion among the population to achieve widespread acceptance. It is also important to note that, in the case of the development of international law regulating cryptocurrency in the future, Nigeria's prohibition of cryptocurrencies may make it difficult to apply the law to the benefit of the country. Therefore, its adoption and regulation have greater prospects for the country.

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