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THAILAND

Newsletter

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Blockchain Technology Development Trends: Bitcoin and beyond

Whilst discussions involving Blockchain and Bitcoin have diminished in recent years, with AI-related news dominating headlines, the recent dramatic increase in Bitcoin's values has once again made digital assets and blockchain technologies hot topics. Questions about this space abound. We set out below our observations about blockchain technology developments globally and prospects for such technologies in Thailand.

Bitcoin Reaches All-Time High, Expected to Exceed \$100,000

15 years after it was first launched as one of the original cryptocurrencies, Bitcoin has undergone a huge range of developments, and the world's view of it has also dramatically changed. From humble beginnings as an untrusted and largely misunderstood commodity, Bitcoin and other cryptocurrencies have grown exponentially so that they are now widely accepted as a medium of exchange and have helped pave the way for advancements in digital technology. The beginning of 2024 has seen Bitcoin prices at an all-time high, and this is even before the Bitcoin Halving when prices are expected to reach the \$100,000 mark. This surge marks an historic moment for the digital currency, triggering a wave of excitement and interest among investors and tech developers worldwide, including in Thailand's crypto market. It is anticipated that this will lead to a new era in which cryptocurrency and blockchain technology will be widely utilized.

The 4th Bitcoin Halving and Upcoming Trends

Ever since its launch in 2009, Bitcoin has been feted as a peer-to-peer electronic cash system based on a decentralization concept that bypasses intermediaries or brokers who impose service fees and manipulate the market. In order to balance the ongoing capacity of the Bitcoin mining system against maintaining economic interest in the product, Bitcoin's founder, Satoshi Nakamoto created the Bitcoin Halving function to control the volume of Bitcoin supply on the market, with the goal that the final 21 million Bitcoin (so far, 19.6 million Bitcoins have been generated) will be available on the market in the year 2141.

Based on previous trends, the Bitcoin cycle loops every four years. Once the Bitcoin Halving incurs, there is room for the market to remain buoyant for at least one year before it gradually declines for another three years until the next Bitcoin Halving, when the cycle repeats itself. The past three Bitcoin Halvings have generated approximately one trillion USD in the virtual currency capital markets, with the emergence of tech investors and retail investors who have become increasingly keen to invest. New technology integrations and changes in customer behavior, together with the approval of the US SEC allowing asset manager firms to invest in spot Bitcoin exchange-traded funds (ETFs) under certain conditions, mean that conditions are now favorable for the fourth Bitcoin Halving in 2024 to be a huge groundbreaking wave that ushers in a golden era of blockchain integration platforms, fueled by institutional investors bringing their sizeable financial resources. This will result in new trends in blockchain implementation around the world.

Technological Evolution Accelerates: A Look Back at Four Years of Innovation

The COVID pandemic brought about significant changes to the lives of people, forcing them to accept accelerating advances in new technology, including blockchain technology. The emergence of Generative AI has further accelerated societal adaptation to using digital platforms, many of which are utilized by blockchain technology. It is an evident that the more people accept digitalization, the more this will turbocharge innovations in blockchain technology development. Moreover, blockchain technology is also developing in terms of coordinating and aligning network participants and activities in a manner that is more efficient than any organization management. For example, decentralized physical infrastructure networks (**DePIN**) help to ensure that the blockchain network does not rely on any single organization that might be disrupted by the other factors, and they also secure other advanced protocols such as Restaking, which is a procedure to enable investors/crypto traders to regularly reinvest in cryptocurrency from their portion of crypto assets generated from staking, compounding their returns over time. This, together with the Real-World Assets backed concept that has been adopted, has helped to address many of the downsides to crypto investment and in turn boosted the confidence of institutional investors and regulators, persuading them to agree to invest in cryptocurrencies. Hence, DePIN, Restaking, Real-World Assets backed, and Generative AI are proof that blockchain is the key driver of global tech trends.

Thailand's Forward Leap: Regulatory Support for ICOs and Blockchain Funding

Recognizing the potential of blockchain and ICO projects for all altcoins, Thailand's regulator, the Securities and Exchange Commission of Thailand (the "SEC"), is taking proactive steps to nurture a conducive environment for technology entrepreneurs. This forward-thinking approach aims to facilitate small business development through ICO platforms, in line with the global shift towards decentralized funding models. We have seen a number of developments in SEC legislation toward the debt-like, infra-backed ICO, regulations to improve the digital asset operation license approval procedure, regulate the credibility of digital asset operators, implementation checks and balance mechanisms to protect digital token holders' right, enhance regulations regarding digital token holder resolutions and meeting

procedures, and regulated ICO advertisements. All of the updated regulations aimed at providing adequate tools for operators to enhance business operations while simultaneously protecting the public interest.

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In addition, as the Thai government has outlined in the Thailand 4.0 initiative, Thai regulators are actively promoting the adoption of cryptocurrencies and blockchain technology, aiming to establish Thailand as the leading blockchain hub in Southeast Asia, while the SEC has actively updated its regulations to ensure that Thailand 4.0 still remains very much in the pipeline.

Blockchain Payment Systems and Digital Economy Integration in Thailand

In the meantime, the Bank of Thailand (the "BOT") is also gearing up for *Digital Economy: ASEAN Integration Agreement* that is anticipated to be rolled out in 2025. The BOT, through Project Inthanon Phase 3, is actively exploring the implementation of a fully regulated Digital Thai Baht. It is also working with key blockchain companies on significant transformations to B2C applications that will transform the Thai blockchain ecosystem with the introduction of innovative payment methods and financial solutions to speed up the processing speed of financial transactions, resulting in significant growth in B2B transactions. By harnessing the power of complex algorithms, blockchain payment systems are redefining the financial ecosystem within ASEAN, eliminating the need for intermediaries and implementing smart contracts to streamline processes, thus enabling faster, secure, and more transparent transactions. This bold leap into blockchain-driven financial technology heralds a new era where the ASEAN region will become a beacon of enticing dynamism, powered by the efficiency and security inherent in blockchain payment systems.

Blockchain's Role in the Green Revolution: Carbon Credits and Sustainable Investment

As the world finally recognizes the real impact of climate change, the green revolution has emerged as the next pivotal trend, reshaping the global landscape. Blockchain's role as the enabler of this revolution will cement its position as a transformative force for positive change in the 21st century in terms of technology integration. Blockchain technology's capabilities for recording carbon usage during this new era of environmental responsibility will be invaluable, particularly in industrial processes. The synergy of blockchain and carbon credits not only addresses environmental concerns but also unlocks opportunities for sustainable investments on an unprecedented scale.

Industries are leveraging blockchain's decentralized ledgers to record and verify their carbon emissions. This not only ensures accuracy and accountability but also establishes an unalterable record of their environmental impact. Investors and financial institutions, driven by a growing eco-conscious mindset, can now confidently engage in sustainable practices by supporting projects with verified and traceable carbon credit records.

South Korea has been actively exploring the use of blockchain technology for managing carbon credits. The Korean Ministry of Science and ICT has collaborated with the Korea Electric Power Corporation (KEPCO) to develop a blockchain-based carbon emissions trading system. This initiative aims to enhance transparency, traceability, and efficiency in the carbon credit market by utilizing blockchain's inherent features.

Investing in Tomorrow - Bitcoin Halving Unveils a Wide Array of Opportunities

The upcoming fourth Bitcoin Halving in 2024, at a time of important developments in blockchain evolution, regulatory support, fintech technology integration, and environmentally conscious trends, together with generative AI that can help developers to create more interesting algorithms to assist the platform, will be a key moment in the evolution of the digital world. Institutional investors, emboldened by the growing credibility of the cryptocurrency market and attracted by the considerable lucrative opportunities, will open the door to a dynamic and promising era in the world of digital assets.

The upcoming new high in Bitcoin prices after the fourth Halving is poised to serve as confirmation of the potential of blockchain technologies. The increasing prices are expected to catalyze the development of other altcoins in the market, facilitating their integration into various platforms, particularly in payment systems and carbon credits within the burgeoning green market. This extensive integration is anticipated to spark widespread advancements, signaling a new era of development on a global scale.

We will keep monitoring the trends of blockchain implementation and legal developments to serve such technology developments and will keep you updated. If you have any inquiries in relation to the topics discussed in this article, please contact the authors listed in the left-hand column.

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