

Abstract

We study the short-term effect of the first global multilateral standard for automatic exchange of information (AEIO), the so-called Common Reporting Standard (CRS), on the volume of exchanges of money to cryptocurrencies. We hypothesize that following the introduction of information exchange between source countries and tax havens, the amount of money in the tax havens' currencies exchanged to cryptocurrencies increases. Our results complement prior findings of the literature that deposits in tax havens decrease following AEIO. Through our model, we find that CRS induced a 40% increase, on average, in the volume exchanged to/from Bitcoin. Around the time of the introduction of CRS, volume exchanged to/from Bitcoin increased the most for currencies GBP, CHF, and USD.

Keywords common reporting standard, cryptocurrencies, cross-border deposits, automatic exchange of information

Title Cryptocurrencies and Financial Secrecy

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