

## Implications

Irrespective of the way it is implemented, the travel rule will have an impact on the crypto-financial ecosystem. For a VASP, compliance will be less costly when receiving cryptocurrencies from another VASP, together with the mandated originator information, than obtaining the necessary background on a transaction made from the customer's private wallet.

For this reason, there are concerns that VASPs might prefer transactions from other VASPs to the extent that it will weaken the peer-to-peer nature of cryptocurrencies.

On a more positive note, the travel rule does address the most important regulatory concerns about cryptocurrencies: their usage in money-laundering and to evade sanctions.

Even though the fear of illicit transactions is often exaggerated – blockchain compliance company Chainalysis reports that they accounted for less than 1% of all Bitcoin activity in 2019<sup>2</sup> – such allegations hinder further acceptance.

Therefore, while the travel rule is a significant burden to those active in the space, it will at least place cryptocurrencies on more equal footing with traditional payment systems. One less excuse for delaying adoption.

## OpenVASP

Bitcoin Suisse has proposed an open standard to facilitate compliance with the travel rule for virtual assets. Called OpenVASP, the protocol is designed to:

- **pursue a decentralized approach without the usage of a central component**

- **work with any blockchain or distributed ledger technology (DLT) used for the underlying virtual asset transfer**

- **put privacy of transferred data at the center of its design**

**More information can be found on the initiative's website: [www.openvasp.org](http://www.openvasp.org)**