

New York Law Journal

New Zealand Bans Crypto ATMs: What are Other Countries Doing?

By David Zaslowsky | July 16, 2025



Close up photo of bitcoin crypto currency in dark

In a bold move to combat financial crime, New Zealand has become the latest country to ban cryptocurrency ATMs (also known as Bitcoin ATMs), citing their use in money laundering and illicit finance.

This decision, announced in July 2025, is part of a broader overhaul of the country's Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) regime.

The move underscores a growing international trend: regulators are increasingly scrutinizing the cash-to-crypto pipeline, viewing it as a significant vulnerability for illicit finance.

While the ban has sparked debate within the crypto community, it also offers a valuable case study in how jurisdictions are grappling with the intersection of digital assets and financial regulation.

The Rationale Behind New Zealand's Ban

New Zealand's Associate Justice Minister Nicole McKee framed the ban as a necessary step to target criminals' ability to launder money, while maintaining a competitive environment for legitimate businesses.

The government cited evidence from law enforcement that crypto ATMs were being exploited by drug traffickers and organized crime groups to convert illicit cash into untraceable digital assets.

At the time of the announcement, New Zealand had approximately 157 crypto ATMs in operation. These machines allowed users to buy or sell cryptocurrency using cash or debit cards, often with minimal identity verification.

The appeal of crypto ATMs for illicit actors is obvious. They offer a seemingly anonymous and rapid method to convert physical cash, possibly derived from criminal activities, into digital assets that can then be swiftly transferred across borders, making them difficult to trace.

While legitimate users exist, the ease with which these machines can be exploited by criminals for layering illicit funds and thereby bypassing traditional banking scrutiny is what put them squarely in the crosshairs of the New Zealand regulators (and other global financial watchdogs).

The ATM ban is accompanied by a new NZD 5,000 (about USD 3000) cap on international cash transfers and expanded powers for the Financial Intelligence Unit (FIU) to collect data from financial institutions. These reforms aim to modernize New Zealand's AML/CFT framework in response to the evolving digital finance landscape.

Crypto ATMs: A Global Regulatory Patchwork

New Zealand's decision is not an isolated incident but rather a significant ripple in a larger global tide of tightening regulations around crypto ATMs. As jurisdictions around the world grapple with the same challenges, they are finding different solutions—from full prohibition to regulated integration into the financial system.

The United States is home to over 30,000 crypto ATMs—by far the largest number globally. Rather than banning them, U.S. regulators have opted for a compliance-based approach.

Operators must register with the Financial Crimes Enforcement Network (FinCEN) and implement AML and Know Your Customer (KYC) programs. Some states, like Illinois and Washington, have introduced additional restrictions, including transaction caps and mandatory consumer disclosures.

In Spokane, Washington, local authorities went a step further in June 2025 by banning crypto ATMs entirely after a surge in scams targeting vulnerable residents. However, this remains an exception rather than the rule.

The UK has taken a strict stance on the regulation of crypto ATMs, with the Financial Conduct Authority (FCA) implementing stringent rules and enforcement actions. In 2025, an individual was sentenced to four years in prison for unlawfully operating multiple machines that processed over £2.6 million in transactions.

The FCA has warned consumers that using these machines could mean “handing your money over to criminals.” While not a legislative ban, the UK's enforcement-first approach has effectively eliminated crypto ATMs from the market. In 2025, the FCA declared that no crypto ATM operators are legally registered at the current time.

The European Union (EU) Markets in Crypto-Assets (MiCA) Regulation, which came into force in late 2024, aims to harmonize rules across the EU and address concerns related to money laundering, fraud, and financial stability in the crypto sector.

By Sept. 2025, crypto ATMs will be subject to AML/CFT requirements, including customer identification and transaction monitoring. This, no ban, but strict compliance approach, reflects the EU's broader strategy of integrating crypto into the financial system while mitigating risks through standardized compliance obligations.

In the Asia-Pacific region, regulatory responses vary widely. In response to a surge in crypto ATM-related scams and illicit activities, the Australian Transaction Reports and Analysis Centre (AUSTRAC) recently implemented stricter regulations on crypto ATM operators.

There is a cap of AU\$5,000 (about US\$3,250) on cash deposits and withdrawals at crypto ATMs, operators are now required to implement stronger identity verification processes for users, and operators must report to AUSTRAC suspicious transactions or cash transactions exceeding AU\$10,000.

Singapore's Monetary Authority (MAS) implemented guidelines in 2022 that effectively shut down all crypto ATMs by banning digital asset companies from advertising in public spaces. While not an outright ban on the machines themselves, the advertising restrictions made their operation commercially unviable.

Japan was one of the first major economies to classify cryptocurrencies as legal payment methods, and it has a licensing system for crypto ATM operators regulated by the Financial Services Agency. China has famously opted for an outright ban on cryptocurrency transactions, going far beyond just ATMs.

Legal and Policy Implications

For the blockchain and cryptocurrency industry, New Zealand's ban, along with tightening regulation elsewhere, reinforces several key takeaways:

1. **AML/CFT Compliance is Paramount:** The ease with which crypto ATMs can be used for money laundering means that any entity facilitating fiat-to-crypto conversions will face intense regulatory scrutiny. Robust KYC and AML programs are no longer optional but a fundamental requirement for legitimacy and longevity in space.
2. **The "Wild West" Era is Fading:** The notion of largely unregulated crypto activity is rapidly becoming a relic of the past. Governments are demonstrating a clear intent to bring digital assets within existing or new financial crime frameworks.
3. **Innovation Must Be Responsible:** While the crypto industry champions decentralization and financial freedom, regulators are prioritizing financial stability and preventing criminal exploitation. Future innovations in the crypto space must be designed with compliance and risk mitigation built in, rather than as an afterthought.
4. **Jurisdictional Arbitrage Becoming Harder:** The increasing international coordination and similar regulatory approaches mean that simply moving operations to a less restrictive jurisdiction is a diminishing strategy. Regulators are sharing intelligence and adopting similar best practices, making it harder for illicit actors to find safe havens.

In addition, though, these regulatory decisions around crypto ATMs raise several important legal and policy questions. First, in terms of proportionality, is a full ban the most effective way to combat financial crime, or could enhanced regulation achieve similar outcomes without stifling innovation?

Second, there is an issue around the impact on financial inclusion. Crypto ATMs often serve unbanked or underbanked populations and removing them could limit access to digital finance for certain users. Third, there remains a global divergence in regulatory approaches, which creates uncertainty for crypto ATM operators and users.

A harmonized international framework could reduce compliance burdens and improve oversight. Fourth, as seen in the UK, enforcement actions can serve as a *de facto* ban. This raises concerns about legal clarity and the rights of operators. And, finally, there is the issue of technology-neutral regulation.

Should laws target specific technologies like ATMs, or focus on the underlying risks regardless of the medium?

New Zealand's crypto ATM ban underscores the growing tension between innovation and regulation in the digital asset space. While the government's intent to curb financial crime is laudable, the move also highlights the challenges of crafting proportionate, effective, and future-proof regulation.

For legal practitioners and compliance professionals, this development serves as a reminder of the importance of staying abreast of global trends. As jurisdictions continue to experiment with different regulatory models, the need for cross-border legal harmonization—and thoughtful, risk-based policymaking—has never been greater.

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