

Cryptocurrency regulation in Africa

Cryptocurrencies such as Bitcoin, Ethereum and Ripple made waves in 2017 and early 2018, not just in terms of their innovation, but also of their role as highly speculative assets. Back in January 2017 the global market capitalisation of all cryptocurrencies was around US\$20bn; by January 2018 this had surged to over US\$800bn – a 4,000% increase in just 12 months. Since then it has slumped to around US\$270bn at end-July 2018. The number of new cryptocurrencies has also surged from around 600 in January 2017 to over 1,500 one year later, while the 24-hour traded volume rose from around US\$200mn in January 2017 to US\$70bn during a 24-hour peak in January 2018.

Unfortunately, the spectacular rise and fall in the traded value of cryptocurrencies has drowned out broader discussion on the potential benefits this new technology could bring. The transformational impact that could be delivered by tokenising products and services on the blockchain has been compared to that of the Internet. Crypto tokens and currencies could enable consumers to transact instantly, cross-border and for free, provide them with KYC-compliant digital IDs, and incentivise their behaviour and change the way they engage with governments & service providers.

However, many governments are concerned that the anonymity of digital currencies facilitates money laundering and unwanted outward flows of capital. Moreover, the lack of regulation around cryptos, the complexity of the technology and its well-publicised potential for profit-making, have all combined to create the perfect breeding ground for speculators to thrive. The volatility they can bring was demonstrated in early 2018 when in the space of one month the market cap of cryptos fell by two thirds from a peak of US\$831bn to a low of US\$276bn. African governments worry that if its citizens become overexposed to cryptocurrency investments, the repercussions of a future crash could be felt in the broader economy, hence their scepticism of licensing their use.

Africa's regulators are adopting a 'Wait and See' approach

As in many other parts of the world, African governments and central banks are mostly adopting a 'wait and see' approach when it comes to regulating cryptocurrencies. Many African governments and regulators recognise both the risks and the potential positive impacts of cryptocurrencies, and some also appreciate the difference between cryptocurrencies and the underlying blockchain technology. But they have been reticent in authorising cryptocurrency transactions, and mostly remain apprehensive about the potential risks. African countries appear to be looking to their neighbours to regulate and innovate first, and learn from their mistakes, rather than being the first mover.

To date there has been no discernible regional regulatory trend, whether favourable or unfavourable. Only one country, Namibia, has banned cryptocurrencies outright. In contrast, neighbouring South Africa and nearby Swaziland offer two of the most favourable regulatory stances in Africa. But with the exceptions of Cameroon, Rwanda and Senegal, no other Francophone government or central bank has made a policy statement on virtual currencies.

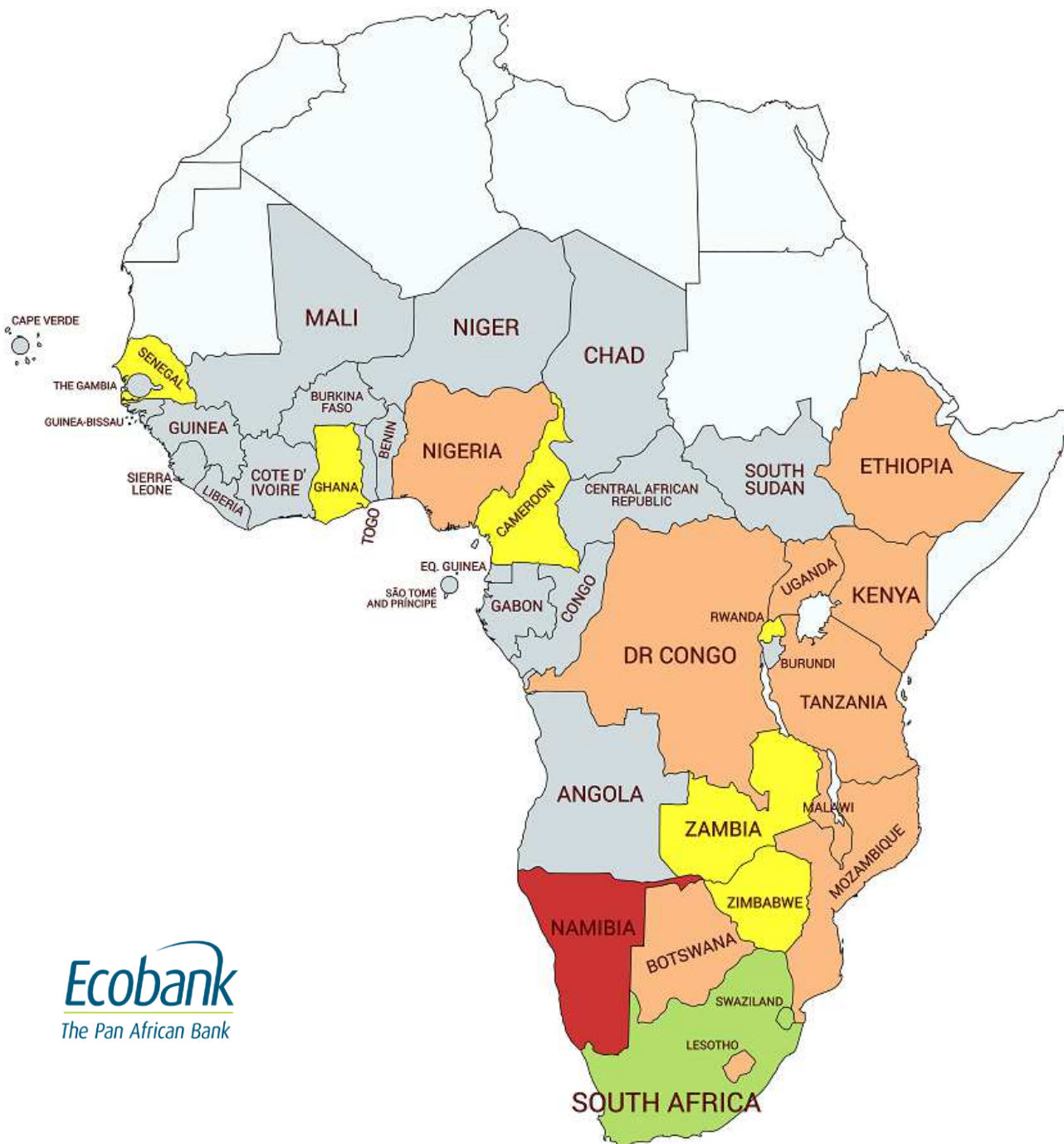
Those countries that have made a statement have indicated that cryptocurrencies operate in the grey area between legality and illegality. In these countries the best a cryptocurrency innovator can hope to achieve is a 'no objection' to trialling the product rather than formal authorisation and (ultimately) legislation to match. The consensus in these countries is that for Africans, although cryptocurrencies are generally not prohibited, consumers use them at their own risk and they have been warned about the potential consequences by regulators.

Our index tracks the current state of cryptocurrency regulation in all markets in Sub-Saharan Africa and will be updated regularly to reflect the evolution of cryptocurrencies and their regulation in the region.

Note: This report specifically analyses cryptocurrency regulation in Sub-Saharan Africa, rather than broader regulation on blockchain. However, as the two technologies are inherently linked, this study includes some statements made by governments or central banks that refer specifically to blockchain technology. These have been covered (but not necessarily included in that country's score) because they provide an indication of whether the government is willing to embrace the technology or not.

Sub-Saharan African Cryptocurrency Regulation Map

Scores	
X	No public stance.
1	Cryptocurrencies are illegal.
2	A contentious stance, but with signs that the situation is being continually monitored.
3	Indications of research into the potential of cryptocurrencies, accompanied with a warning.
4	A generally favourable and permissive stance, but without full legality.
5	Cryptocurrencies are embraced, legal and regulated within the country.





Country Guide

Country	News	Stance
Angola	<ul style="list-style-type: none"> Neither the National Bank of Angola, nor the Angolan Government have made a statement or have publicly presented a stance with regards to cryptocurrencies and their legality. 	X
Benin	<ul style="list-style-type: none"> As a member of the eight-country West African Economic and Monetary Union (UEMOA), Benin's central bank is the Central Bank of West African States (BCEAO). There was some earlier reporting that the BCEAO were involved in the launch of a regional digital-currency – the eCFA. However, the BCEAO denied this in April 2017, saying they are 'not considering to create digital currency in any of its member states.' At the country level, the Government of Benin has yet to make a statement or publicly present a stance with regards to cryptocurrencies and their legality. 	X
Botswana	<ul style="list-style-type: none"> In June 2017, Andrew Sesinyi, head of communications at the Bank of Botswana (BoB), made a statement alluding to his awareness of innovation in the cryptocurrency space. He stated that the BoB "does not regulate cryptocurrencies and/or related distributed ledger technologies (DLTs) and is thus not undertaking any studies in that direction." He continued "as is the case with most central banks, the BoB is keeping an open mind and is monitoring developments as they unfold." In February 2018, Governor of the Bank of Botswana Moses Pelaelo informed the public that cryptocurrencies are neither controlled or regulated by the Bank of Botswana, and cannot be transferred into actual Pula currency. He also cautioned members of the public against investing in cryptocurrencies such as Bitcoin. 	2
Burkina Faso	<ul style="list-style-type: none"> As a member of the eight-country West African Economic and Monetary Union (UEMOA), Burkina Faso's central bank is the Central Bank of West African States (BCEAO). There was some earlier reporting that the BCEAO were involved in the launch of a regional digital-currency – the eCFA. However, the BCEAO denied this in April 2017, saying they are 'not considering to create digital currency in any of its member states'. At the country level, the Government of Burkina Faso has yet to make a statement or publicly present a stance with regards to cryptocurrencies and their legality. 	X
Burundi	<ul style="list-style-type: none"> Neither the Banque de la République du Burundi, nor the Burundian Government have made a statement or have publicly presented a stance with regards to cryptocurrencies and their legality. 	X
Cape Verde	<ul style="list-style-type: none"> Neither the Bank of Cape Verde, nor the Government of Cape Verde have made a statement or have publicly presented a stance with regards to cryptocurrencies and their legality. 	X
Cameroon	<ul style="list-style-type: none"> Currently, cryptocurrencies have no legal status in Cameroon, as the central bank of the six-nation CEMAC monetary union, the BEAC, has not yet issued any specific guidance on their usage. However, the central bank of CEMAC did create a legal framework for electronic money in 2001. In its framework titled 'Regulation No. 01/11-CEMAC/UMAC/CM – On the Use of Electronic Money', the regulator outlines how electronic money can be used to bank the underbanked populations in the region. It is therefore technically possible for Cameroonians to transact and hold cryptocurrencies as they please. In addition, a positive sign is that the Cameroonian government has already trialled the digital currency, Trest, in collaboration with Indian software company Trestor. The results of the trial were positive and demonstrate a willingness to engage with innovations in this space. Conducting the trial using Bitcoin was also explored as an option, but this was parked due to Bitcoin's high fees and energy requirements. 	3
Central African Republic	<ul style="list-style-type: none"> As a member of the six-country Central African Economic and Monetary Community (CEMAC), the Central African Republic's central bank is the Bank of Central African States (BEAC). Neither the BEAC, nor the Government of the Central African Republic have made a statement or have publicly presented a stance with regards to cryptocurrencies and their legality. 	X
Chad	<ul style="list-style-type: none"> As a member of the six-country Central African Economic and Monetary Community (CEMAC), Chad's central bank is the Bank of Central African States (BEAC). Neither the BEAC, nor the Government of Chad have made a statement 	X



	<p>or have publicly presented a stance with regards to cryptocurrencies and their legality.</p>	
DRC	<ul style="list-style-type: none"> Neither the Congolese Central Bank, nor the Congolese Government have made a statement or have publicly presented a stance with regards to cryptocurrencies and their legality. A pilot scheme to use blockchain technology to track cobalt from artisanal mines in the DRC, along the supply chain to the final products in which they are used will be rolled out in 2018. It has backing from the World Economic Forum, and appears to have been approved by the Congolese government. 	X
Congo (Rep)	<ul style="list-style-type: none"> As a member of the six-country Central African Economic and Monetary Community (CEMAC), the Republic of Congo's central bank is the Bank of Central African States (BEAC). Neither the BEAC, nor the Government of the Republic of Congo have made a statement or have publicly presented a stance with regards to cryptocurrencies and their legality. 	X
Côte d'Ivoire	<ul style="list-style-type: none"> As a member of the eight-country West African Economic and Monetary Union (UEMOA), Côte d'Ivoire's central bank is the Central Bank of West African States (BCEAO). There was some earlier reporting that the BCEAO were involved in the launch of a regional digital-currency – the eCFA. However, the BCEAO denied this in April 2017, saying they are 'not considering to create digital currency in any of its member states'. At the country level, the Government of Côte d'Ivoire has yet to make a statement or publicly present a stance with regards to cryptocurrencies and their legality. 	X
Equatorial Guinea	<ul style="list-style-type: none"> As a member of the six-country Central African Economic and Monetary Community (CEMAC), Equatorial Guinea's central bank is the Bank of Central African States (BEAC). Neither the BEAC, nor the Government of Equatorial Guinea have made a statement or have publicly presented a stance with regards to cryptocurrencies and their legality. 	X
Ethiopia	<ul style="list-style-type: none"> Ethiopian regulators have yet to take a public position on cryptocurrencies. However, on November 22nd 2017, experts gathered in Addis Ababa to review a new UN Economic Commission for Africa (UNECA) report which aims to explore opportunities for blockchain technology in Africa. During this meeting, Kasirim Nwuke, Chief of the New Technologies and Innovation Section in the ECA's Special Initiatives Division, said "like every new technology, blockchain faces many barriers which must be understood and overcome in order for Africa to take full advantage of it." Though not Ethiopia-specific, the report recommended that 'African Regulators should assess the potential of Blockchain technology to reduce costs and enhance transparency within multiple sectors of the economy.' The Ethiopian government has recently signed an MOU with cryptocurrency start-up Cardano, which will see Ethiopian developers apply blockchain technology to the country's agritech industry. 	3
Gabon	<ul style="list-style-type: none"> As a member of the six-country Central African Economic and Monetary Community (CEMAC), Gabon's central bank is the Bank of Central African States (BEAC). Neither the BEAC, nor the Government of Gabon have made a statement or have publicly presented a stance with regards to cryptocurrencies and their legality. 	X
The Gambia	<ul style="list-style-type: none"> Neither the Central Bank of The Gambia, nor the Government of The Gambia have made a statement or have publicly presented a stance with regards to cryptocurrencies and their legality. 	X
Ghana	<ul style="list-style-type: none"> On Jan 22nd 2018, the Bank of Ghana (BoG) announced that trading Bitcoin in the country is not yet legal because it is not recognized as a legitimate form of currency in the country. Appetite is strong in Ghana. According to Google trends, Ghana is the number one ranked country in the world when it comes to Bitcoin internet searches (relative to the number of internet users). The general sentiment is that Ghana is seeking to regulate, rather than outlaw the use of cryptocurrencies. This has been underlined by the launch of Finchcoin, Ghana's first indigenised digital currency, along with a new Payment Systems & Services Bill currently in Parliament which is currently going through parliament. 	3



	<ul style="list-style-type: none"> In a notice circulated to both banks and the general public in February 2018, the BoG stated that they are “currently investing a lot of resources to further enhance the payments and settlements system, including digital forms of money and also to introduce cyber security guidelines to safeguard electronic and online financial transactions. A revised Payments System Act referred to as Payment Systems and Services Bill will be considered by Parliament within the next couple of months”. In the meantime, they suggested that the general public only does business with institution licensed by the BoG. 	
Guinea	<ul style="list-style-type: none"> Neither the Central Bank of Guinea, nor the Government of Guinea have made a statement or have publicly presented a stance with regards to cryptocurrencies and their legality. 	X
Guinea-Bissau	<ul style="list-style-type: none"> As a member of the eight-country West African Economic and Monetary Union (UEMOA), Guinea-Bissau’s central bank is the Central Bank of West African States (BCEAO). There was some earlier reporting that the BCEAO were involved in the launch of a regional digital-currency – the eCFA. However, the BCEAO denied this in April 2017, saying they are ‘not considering to create digital currency in any of its member states’. At the country level, the Government of Guinea-Bissau has yet to make a statement or publicly present a stance with regards to cryptocurrencies and their legality. 	X
Kenya	<ul style="list-style-type: none"> Following a court case between Safaricom and blockchain-based start-up, BitPesa, the Kenya Central Bank were forced to clarify their position on cryptocurrencies. They issued a warning stating that “Bitcoin and similar products are not legal tender nor are they regulated in Kenya. The public should therefore desist from transacting in Bitcoin and similar products”. However, appetite for virtual currencies remains strong in Kenya, and volumes transacted are the third highest in Africa (behind South Africa and Nigeria). There is some evidence that regulators may be willing to soften their position. In 2018, the Capital Markets Authority, Central Bank of Kenya, Insurance Regulatory Authority, SACCOs Societies Regulatory Authority and the Retirement Benefits Authority were due to meet to discuss how to regulate virtual currencies. 	2
Lesotho	<ul style="list-style-type: none"> The Central Bank of Lesotho issued a statement in November 2017 with regards to the emerging promotion of cryptocurrencies in Lesotho. In this statement, the Bank urged the public to be wary of the risks of using or investing in virtual currencies. As a follow-up to this statement, the Bank held a press briefing on 7th February, 2018, urging caution once again, stating that: “cryptocurrencies... do not fall in any of the aforementioned categories – (1) being a legal tender in Lesotho issued by the Central Bank of Lesotho and (2) being a currency issued by another country and traded by the licensed institutions in Lesotho. Members of the public are hereby warned that, by virtue of being offered as (financial) investment opportunities to the public, cryptocurrencies directly expose their promoters to violation of Sections 27 and 28 of the Central Bank of Lesotho Capital Market Regulations of 2014 that require investment advisers to be licensed by the Central Bank of Lesotho”. However, there were positive signs in the same statement: “the Bank and other institutions in the international financial regulation space, acknowledge innovation and adoption of new technologies in the financial industry thus viewing these initiatives as beneficial to the industry and its users if deployed in a manner that sufficiently safeguards the interests of the users”. 	2
Malawi	<ul style="list-style-type: none"> In early 2018 a spokesperson for the Malawian Ministry of Finance, Economic Planning and Development, Davis Sado, said that it is up for the Reserve Bank of Malawi to determine a position on cryptocurrencies, but that they had yet to do so. Furthermore, a warning was issued to Malawians on avoiding being scammed. 	2
Mali	<ul style="list-style-type: none"> As a member of the eight-country West African Economic and Monetary Union (UEMOA), Mali’s central bank is the Central Bank of West African States (BCEAO). There was some earlier reporting that the BCEAO were involved in the launch of a regional digital-currency – the eCFA. However, the BCEAO denied this in April 2017, saying they are “not considering to create digital currency in any of its member states”. 	X



	<ul style="list-style-type: none"> At the country level, the Government of Mali has yet to make a statement or publicly present a stance with regards to cryptocurrencies and their legality. 	
Mozambique	<ul style="list-style-type: none"> In early 2018, the Banco de Moçambique (BM) warned Mozambicans of the dangers of using Bitcoin, in a press release. They stressed that virtual currencies are unregulated and are therefore used outside of the law. Though the press release acknowledged the many benefits of cryptocurrencies, they also noted that “there are major risks that need to be safeguarded because, given their nature, this currency may be linked to criminal actions such as money laundering, terrorist financing, trafficking of drugs, among others”. 	2
Namibia	<ul style="list-style-type: none"> Under Namibia’s Exchange Control Act of 1966, the country "does not make provision for the establishment of virtual currency exchanges or bureaus in Namibia", meaning that cryptocurrencies are illegal in Namibia and merchants are not allowed to accept them in exchange for goods and services. A position paper released in September 2017 by the Bank of Namibia continued: ‘In addition to the bank not recognizing virtual currencies as legal tender in Namibia, it also does not recognize it to be a foreign currency that can be exchanged for local currency. This is because virtual currencies are neither issued nor guaranteed by a central bank nor backed by any commodity’ However, the same report acknowledges cryptocurrencies’ potential in facilitating remittances. 	1
Niger	<ul style="list-style-type: none"> As a member of the eight-country West African Economic and Monetary Union (UEMOA), Niger’s central bank is the Central Bank of West African States (BCEAO). There was some earlier reporting that the BCEAO were involved in the launch of a regional digital-currency – the eCFA. However, the BCEAO denied this in April 2017, saying they are “not considering to create digital currency in any of its member states”. At the country level, the Government of Niger has yet to make a statement or publicly present a stance with regards to cryptocurrencies and their legality. 	X
Nigeria	<ul style="list-style-type: none"> Bitcoin is very popular in Nigeria. According to Google searches, Nigerians were the second largest googlers of ‘Bitcoin’ in the world (relative to their proportion of Internet users). In January 2017, Central Bank of Nigeria (CBN) banned cryptocurrencies, before CBN Deputy Director Musa Itopa Jimoh softened his position by stating that the “Central bank cannot control or regulate bitcoin. Just the same way no one is going to control or regulate the internet. We don’t own it”. A circular sent by the CBN Director Kevin N. Amugo to banks and financial institutions (BFIs), also in January 2017, told banks that they required to “ensure that you do not use, hold trade and/ or transact in any way virtual currencies”. BFIs are therefore prohibited from investing in cryptocurrencies and from carrying out business as a virtual currency exchange. The CBN regulation also requires BFIs to ensure that operators of crypto-currency exchanges comply with standard AML/KYC requirements. For businesses that engage with cryptocurrency services, there is a requirement to comply with existing non-cryptocurrency regulation. This is dependent on how the money is held, how it is transacted and whether or not it can be remitted. However, there is still some legislative debate about whether cryptocurrencies should be considered as a commodity (where there may be a sales tax obligation) or a currency (where the CBN would possibly exercise regulatory control). On 31st January 2018, the Nigerian Senate presented a motion entitled ‘Urgent need to investigate the proliferation of bitcoin, a form of Crypto-currency, to ascertain the worthiness of same as a form of investment in Nigeria’. The Senate warned Nigerians against the risk of cryptocurrency investments and requested that the CBN and other regulators do more to educate the public on these risks. On February 28 2018, the CBN issued another statement stating that “for the avoidance of doubt, dealers and investors in any kind of crypto currency in Nigeria are not protected by law”. 	2
Rwanda	<ul style="list-style-type: none"> So far, Rwanda has declined to take an official position with regards to the legality and regulation of cryptocurrencies. However, a report published in late 2017 by two senior economists at the BNR (Rwanda’s Central Bank) seemed to be largely in support of the burgeoning 	3



	<p>technology: “although cryptocurrencies are not yet an issue for Rwanda, the pace at which they are growing shows that this trend will start to emerge... As Rwanda’s tech sector continues to grow, we will likely see the evolution of cryptocurrencies.”</p> <ul style="list-style-type: none"> The report concluded by alluding to the development of an internal Rwandan cryptocurrency in the near future. 	
São Tomé and Príncipe	<ul style="list-style-type: none"> Neither the Central Bank of São Tomé and Príncipe, nor the Government of São Tomé and Príncipe have made a statement or have publicly presented a stance with regards to cryptocurrencies and their legality. 	X
Senegal	<ul style="list-style-type: none"> In 2016, Senegal became the first country in Sub-Saharan Africa to launch a digital currency, the eCFA, which is tied to the country’s legal tender, the CFA Franc (XOF). Though originally reported by many news outlets to be based on the blockchain, it is in fact not. The project was created by Senegalese bank BRM, and eCurrency Mint. However, in April 2017 the BCEAO, the Central Bank of West African States, distanced itself from the eCFA and warned the BRM against the use of the term eCFA “to prevent any kind of confusion with the legal currency”. Nonetheless, the country’s banking system remains open to innovation. Alioune Camara, CEO of BRM bank has stated that the ultimate aim of the eCFA is to facilitate interoperability between all financial platforms and systems. Aside from the eCFA, the Senegalese government is yet to take an official position on cryptocurrencies. 	3
Sierra Leone	<ul style="list-style-type: none"> Though the Bank Of Sierra Leone, Sierra Leone’s central bank, has yet to make an official statement on cryptocurrencies, Dr. Ernest Bai Koroma, the then President of Sierra Leone, recently announced a countrywide digitisation programme that aims to make the West African nation Africa’s first ‘Smart Country’. Through a national partnership with blockchain companies ‘RippleNami’, and ‘Data Edge Revenue’, the solution “will deploy the blockchain-data visualisation system solution that enables Sierra Leone to generate, own, collect, analyse and transact data on a nationwide scale”, according to then Foreign Affairs Minister, Dr. Samura Kamara. In addition, during the March 2018 Presidential election, Swiss company Agora used Blockchain technology to tally votes in some regions. The idea was to record some of the voting on a distributed ledger in order to ensure greater transparency. 	X
South Africa	<ul style="list-style-type: none"> South African regulators are relatively progressive on cryptocurrencies. In 2014, the South African Reserve Bank released a position paper on virtual currencies which seemed promising for the industry. The South African government began working with blockchain company, Bankymoon in July 2017, to create a “balanced” approach to bitcoin regulation. In mid-2017, the South African Reserve Bank, the country’s central bank, made indications that they are trialling cryptocurrency regulations, with a view to potentially recognising digital currencies as a form of legal tender. Alongside this, the South African Revenue Services, the revenue arm of the South African government, is exploring ways in which cryptocurrency transactions and investments can be appropriately taxed. In April 2018, the South African Revenue Service (SARS) announced in a statement that citizens must declare income derived from cryptocurrency regulation as part of their capital gains statement. The statement read: “<i>The onus is on taxpayers to declare all cryptocurrency-related taxable income in the tax year in which it is received or accrued. Failure to do so could result in interest and penalties.</i>” 	4
South Sudan	<ul style="list-style-type: none"> Neither the Bank of South Sudan, nor the South Sudanese Government have made a statement or have publicly presented a stance with regards to cryptocurrencies and their legality. 	X
Swaziland	<ul style="list-style-type: none"> Speaking at an economic forum in October 2017, Central Bank of Swaziland (CBS) chief Majozi Sithole issued a positive position in terms of the country’s recognition of the potential of cryptocurrencies. He told attendees of the event “It may not be wise to dismiss virtual currencies and as the CBS we are learning and we want to accept and support innovation. If this is innovation, we do not want to stifle it. We want to learn more about it”. 	4



	<ul style="list-style-type: none"> Prior to this, an internal CBS news circular on cryptocurrencies was made public, wherein it was noted that “the Bank acknowledges its role in supporting innovation and adoption of new technologies in the industry and...adopts an optimistic but cautious view that the financial services industry will certainly benefit from these technologies but that their development and deployment must be done in a manner that sufficiently safeguards the interest of the users”. 	
Tanzania	<ul style="list-style-type: none"> The Governor of the Bank of Tanzania (BoT), Benno Ndula, has recently acknowledged the increasing popularity of virtual currencies across the country. He warned Tanzanians that cryptocurrencies are ‘not recognised’ by the state, and that becoming involved with cryptocurrencies is done so at one’s own risk, as the space is currently unregulated. He also suggested that the Central Bank is currently discussing whether to regulate or ban virtual currencies. BoT’s Director of National Payment System, Bernard Dadi, said that the Central Bank was closely monitoring virtual currencies, that they are collaborating with ‘experts’ from the UK – showing that there is an eagerness to learn more. A policy directive on the usage of cryptocurrency will be announced shortly. On 1st March 2018, The BoT reiterated its warning to the public, stating: “BoT considers the recent surge in the prices of cryptocurrencies to be driven by speculation. The risk of a sharp reduction in prices is high. Investors in cryptocurrencies should be aware that they run the risk of losing all their capital”. 	2
Togo	<ul style="list-style-type: none"> As a member of the eight-country West African Economic and Monetary Union (UEMOA), Togo’s central bank is the Central Bank of West African States (BCEAO). There was some earlier reporting that the BCEAO were involved in the launch of a regional digital-currency – the eCFA. However, the BCEAO denied this in April 2017, saying they are “not considering to create digital currency in any of its member states”. At the country level, the Government of Togo has yet to make a statement or publicly present a stance with regards to cryptocurrencies and their legality. 	X
Uganda	<ul style="list-style-type: none"> The Ugandan government has yet to take an official position on cryptocurrencies. In February 2017, the Bank of Uganda released a strongly-worded statement aimed to prevent people from engaging with ‘One-Coin’, a cryptocurrency Ponzi scheme. During the same statement, the Bank also warned that anyone using cryptocurrencies “is taking a risk in the financial space where there is neither investor protection nor regulatory purview”. Prior to this, there were positive signs that Uganda was aiming to be the first African country to regulate cryptocurrencies. A round table discussion held in July 2016 looked at effective ways to regulate the new technology. 	2
Zambia	<ul style="list-style-type: none"> In February 2018, the Zambian Securities and Exchange Commission (SEC) informed citizens that cryptocurrencies are currently unregulated as they do not yet meet the definition of a security. It advised investors to use extreme caution when speculating with the asset. SEC Chief Executive Officer Mr. Phillip Chitalu said “the fact of the matter is that currently these products and assets are not regulated by the Commission unless they meet the definition of a security as defined by the [Securities Act No. 41 of 2016] and this, as indicated above will be considered on a case by case basis”. However, there were some signs that the innovative aspects of both blockchain technology and cryptocurrencies are being explored: “we at the Commission believe that the emergent technology on which cryptocurrencies and other related digital assets/products are based may prove to be positively disruptive, transformative and efficiency enhancing”. 	3
Zimbabwe	<ul style="list-style-type: none"> In late 2017, Norman Mataruka, director and registrar for the Reserve Bank of Zimbabwe, said that “bitcoin ... is not actually legal” for use within the country. But as in many cases, there is uncertainty as to whether these comments mean that bitcoin is not legal tender, or if bitcoin is actually illegal to use. It is likely that the ambiguity of his comments alludes to the former. Bitcoin trades at a premium in Zimbabwean exchanges due to acute shortages of US Dollars, Zimbabwe’s currency. Many Zimbabweans only use a digital equivalent of dollars, known as zollars, whose value is rapidly decreasing due to 	2

	<p>high levels of inflation in the country. Many use cryptocurrencies as a hedge to protect the value of their money.</p> <ul style="list-style-type: none">• A research and development department has been launched by the reserve bank of Zimbabwe in order to assess the risks and potential of cryptocurrencies. This demonstrates an openness to using digital currencies in the future.• However, in May 2018, Zimbabwe’s Central Bank banned domestic financial institutions from dealing with cryptocurrencies. A statement from the Reserve Bank of Zimbabwe ordered that financial institutions must “ensure that they do not use, trade, hold and/or transact in any way in virtual currencies,” a move which applies to both businesses and individuals.	
--	--	--



DISCLAIMER

- This document was prepared under the supervision from the Research Division of EBI SA (a member of Ecobank Group), and is not necessarily definitive, current or authoritative. Data used in this document was gathered from reliable sources, but the analyst(s) and the publishers of this document do not hold themselves responsible for the accuracy or completeness of data used. The document provides the opinions, analyses and conclusions of the Research division only and is provided without any warranties of any kind. EBI SA and any member of Ecobank Group and its affiliates do not in any way endorse the findings, views and conclusions in this document. EBI SA, Ecobank Group and its affiliates' Directors, Employees or Agents do not accept any liability for any direct or remote loss or damage arising out of the use of all or any part of the information contained in this document.
- EBI SA is a credit institution authorized by the Autorité de contrôle prudentiel.

USE OF THIS PUBLICATION FOR THE PURPOSE OF MAKING INVESTMENT DECISION EXPOSES YOU TO SIGNIFICANT RISK OF LOSS.

- Reception of this publication does not make you a client or provide you with the protections afforded to clients of EBI SA (A member of Ecobank Group). When distributing this document, EBI SA or any member of Ecobank Group is not acting on behalf of the recipient of this document and will not be liable for providing investment advice to any recipient in relation to this document. Accordingly, EBI SA (A member of the Ecobank Group) will not be held accountable to any recipient for providing the protections afforded to its clients.
- This document is published for information purposes only and is not an offer to solicit, buy or sell any security of any kind. This document does not provide customised investment advice. It has been prepared without regard to the individual financial circumstances and risk and return objectives of individuals who receive it. The appropriateness of a particular investment will depend on an investor's individual circumstances, risk tolerance and return objectives. The investments and shares referred to in this document may not be suitable for all or certain categories of investors.
- The Research Division and EBI SA have implemented Chinese walls procedures to prevent any conflict of interest. Additional information may be available to EBI SA or the Ecobank Group which is not discussed in this report. Further disclosure regarding Ecobank policy regarding potential conflicts of interest in the context of investment research and Ecobank policy on disclosure and conflicts in general are available on request.
- The opinions presented in this note may be changed without prior notice or cannot be depended upon if used in the place of the investor's independent judgment.
- The historical performance of a security is not representative of the security's future returns. Investment in securities can be highly risky as security prices may go down in value as well as up and you may not get back the full amount invested. Where an investment is denominated in a currency other than the local currency of the recipient of the research report, changes in the exchange rates may adversely affect the value, price or income of that investment. In case of illiquid investments for which there is no organized market it may be difficult for investors to exit investment positions or to obtain reliable information about its value or the extent of the risk to which it is exposed.
- The information contained in this document is confidential and is solely for use of those persons to whom it is addressed and may not be reproduced, further distributed to any other person or published, in whole or in part, for any purpose.
- © EBI SA Groupe Ecobank 2018. All Rights Reserved. This note has been prepared by Edward George and the Ecobank Research Division. For any question, please contact: Edward George, Head, Group Research, EBISA, 20 Old Broad Street, London, EC2N 1DP, United Kingdom.

DISCLOSURES

Research analyst certification: The research analyst(s) primarily responsible for the preparation and content of all or any identified portion of this research report hereby certifies that all of the views expressed herein accurately reflect their personal views. Each research analyst(s) also certify that no part of their compensation was, is, or will be, directly or indirectly, related to the view(s) expressed by that research analyst in this research report.

Important disclosures

- I. The analyst(s) responsible for the preparation and content of this report (as shown on the disclaimer page of this report) holds personal positions in a class of common equity securities of the company.
- II. The company beneficially owns more than 5% in EBI SA or Ecobank Group ("the Group").
- III. EBI SA or the Group is a market maker in the publicly traded equity securities of the company.
- IV. EBI SA or the Group beneficially owns 5% or more of the equity securities of the company.
- V. EBI SA or the Group beneficially holds a significant interest of the debt of the company.
- VI. EBI SA or the Group has been lead manager or co-lead manager over the previous 12 months of any publicly disclosed offer of securities of the company.
- VII. The company is a client of EBI SA or the Group.
- VIII. EBI SA or the Group has lead managed or co-lead managed a public offering of the securities of the company within the last 12 months.
- IX. EBI SA or the Group has received compensation for investment banking services from the company within the last 12 months.
- X. EBI SA or the Group expects to receive, or intends to seek, compensation for investment banking services from the company during the next 3 months.
- XI. EBI SA or the Group has any liquidity contract between EBI or related entity and the issuer.
- XII. EBI SA and the issuer have agreed that EBI will produce and disseminate investment recommendations on the said issuer as a service to the issuer.