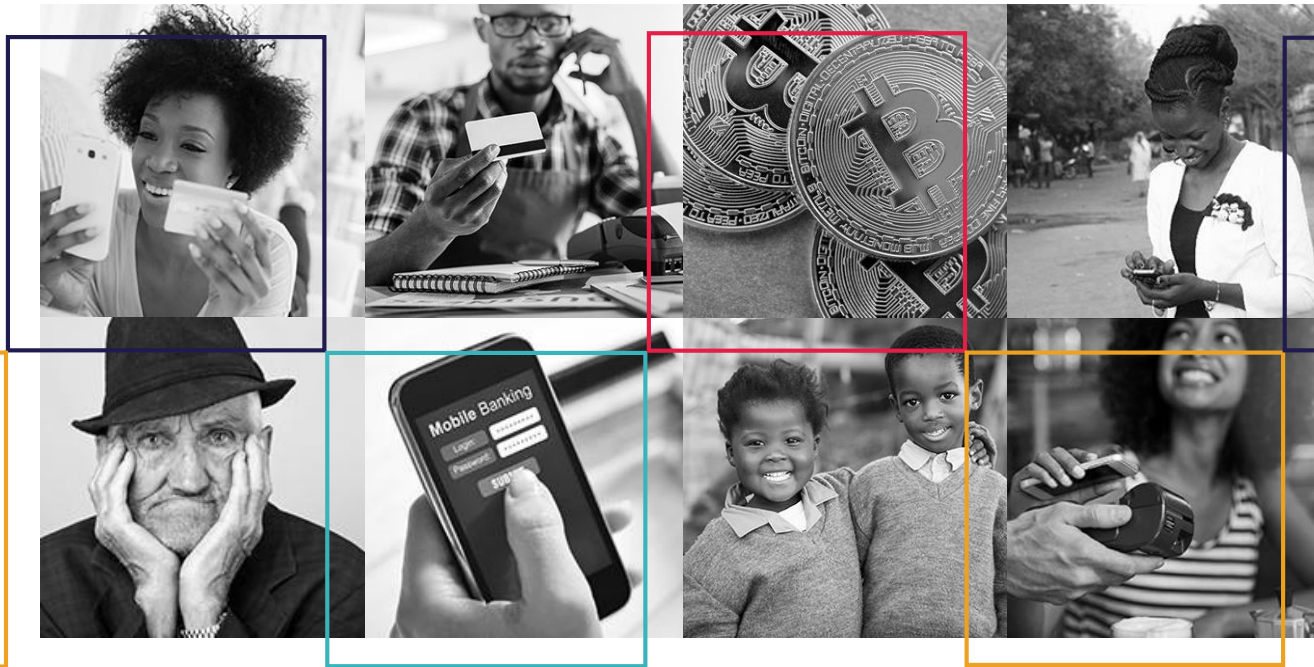


IFWVG

INTERGOVERNMENTAL FINTECH WORKING GROUP

Blockchain Africa
Conference 2020

*Regulatory Considerations
for Crypto Assets*

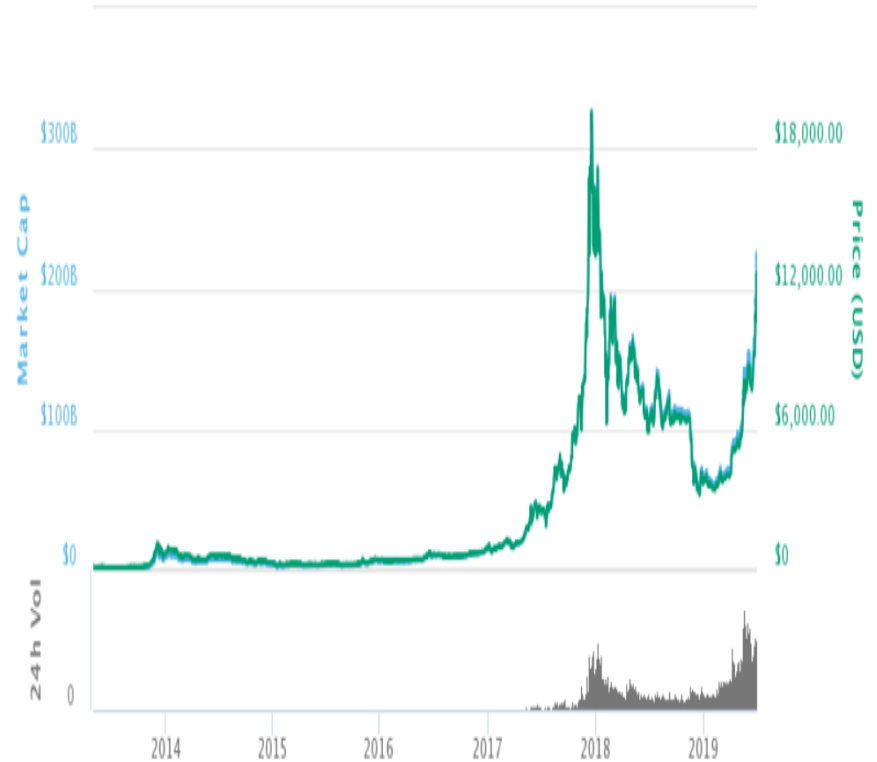


Contents

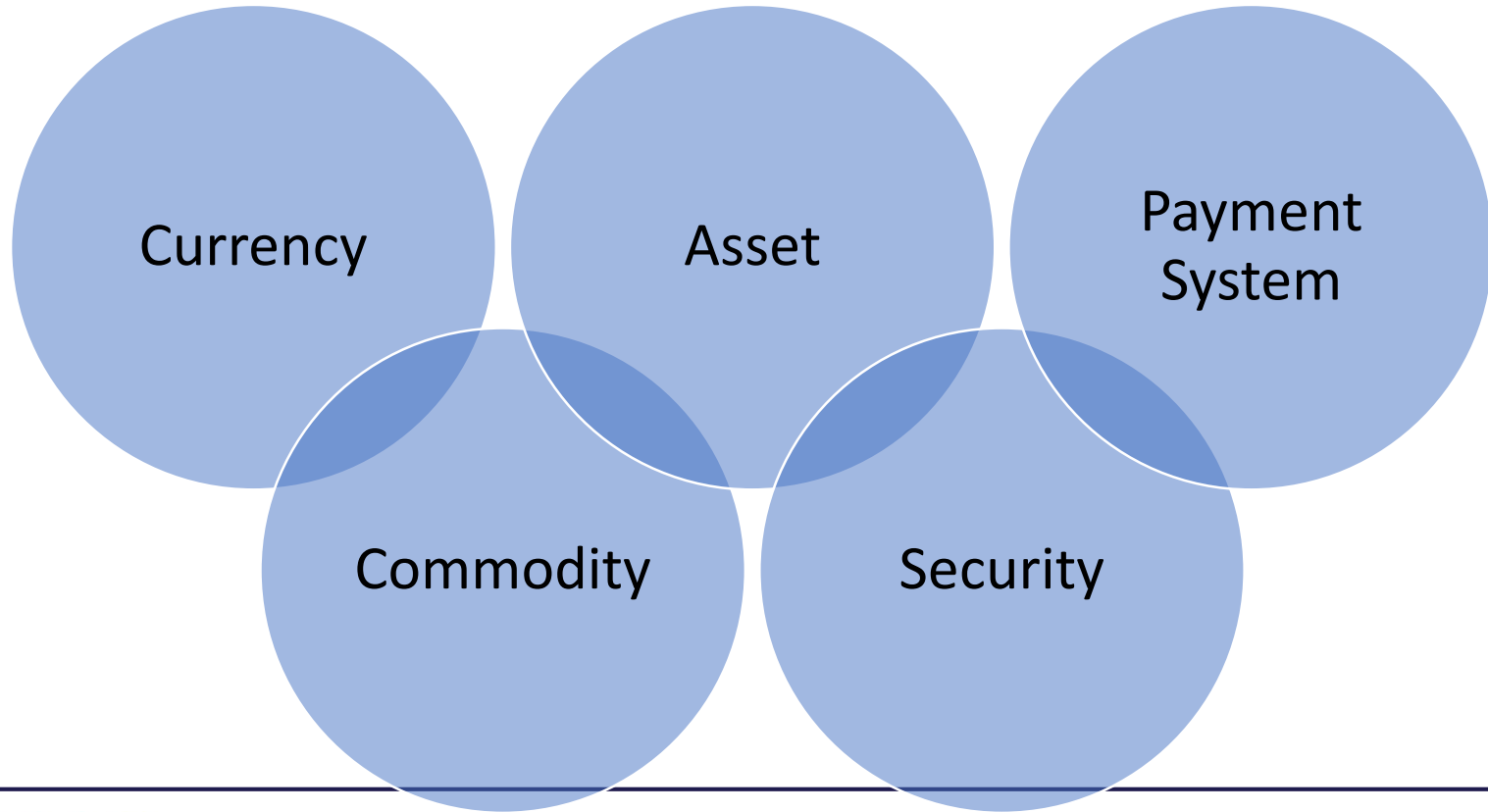
1. What is it for us?
2. Why do we want to look at this?
3. How do you regulate this?
4. Way forward?



“Wottalotigot”



Classifying Crypto



Crypto Assets – the SA perspective

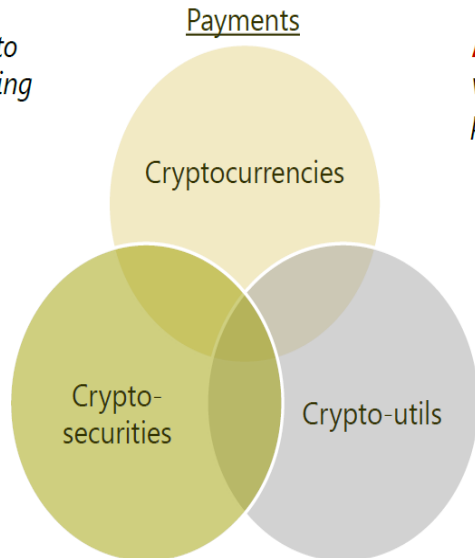
Digital representation or token of value that is not issued by a central bank, but traded, transferred or stored electronically by natural or legal persons for the purpose of payment, investment, or other form of utility for the user and applies cryptography in the underlying technology.

Crypto-assets – a taxonomy

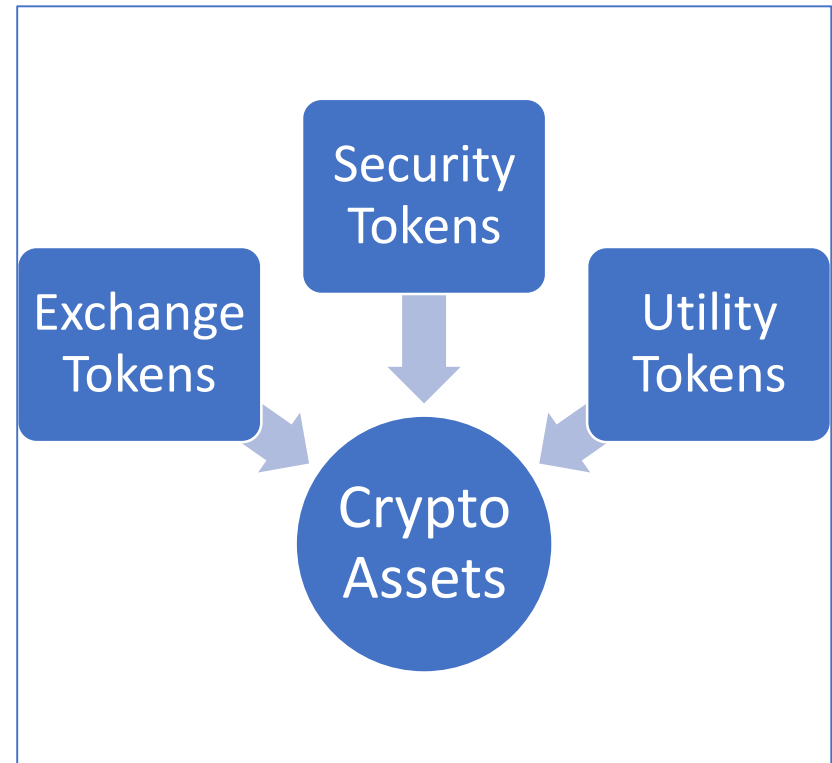
Crypto \approx Peer to peer transfer using cryptographic techniques

Asset \equiv useful or valuable thing (or person)

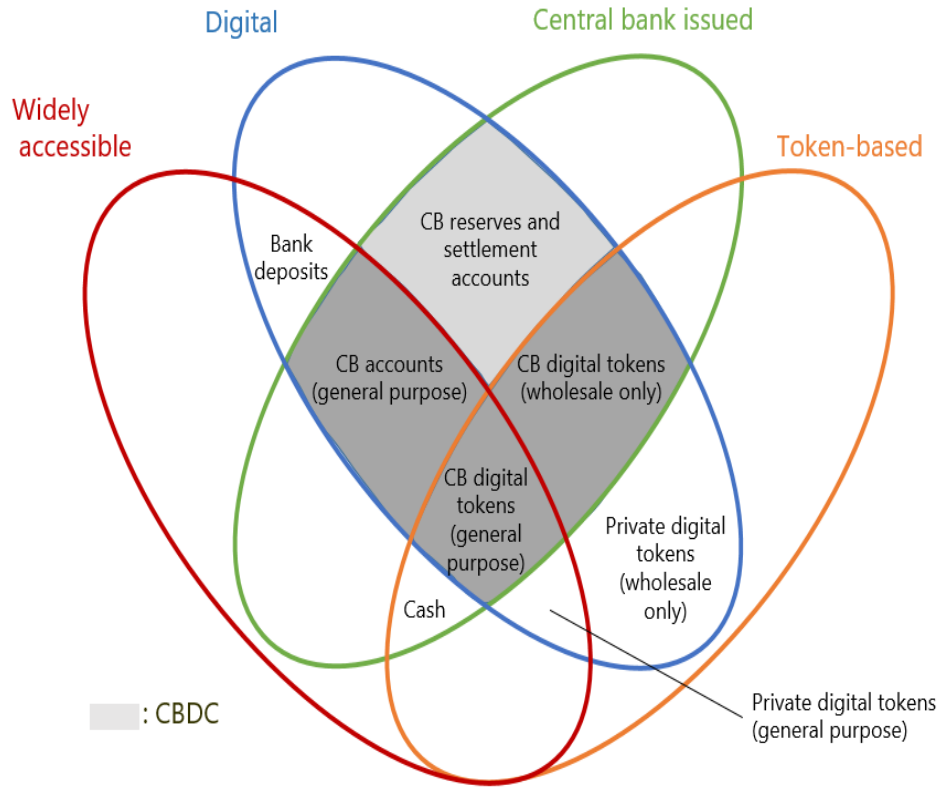
Investment or hedging



Utility, Access, ...



“Money Flower”



Use cases of Crypto Assets



Why are we looking at crypto assets?

- **Monetary policy**
 - Demand for crypto assets increase, demand for fiat currency decreases
 - Monetary policy mechanism
- **National Payment System**
 - Creation of a parallel and fragmented payment system.
- **Financial Stability**
 - Market cap growth (\$222 billion)
 - Financial Institutions exposure to crypto assets
- **Exchange Control Regulations**
 - Controlling the movement of capital, right to capital, financial and real assets.



Why are we looking at crypto assets?

- **Consumer & Investor Protection**
 - No dispute resolution mechanism
 - Rights & obligations should be explicit
- **Market Integrity**
 - Markets should be fair and safe
 - Transparent and fair pricing
- **Money Laundering & Terror Financing**
 - Nature of crypto assets (pseudonymous and anonymous) attracts illicit activity (hiding & funding)
 - Due diligence on customers



Areas of focus?



1

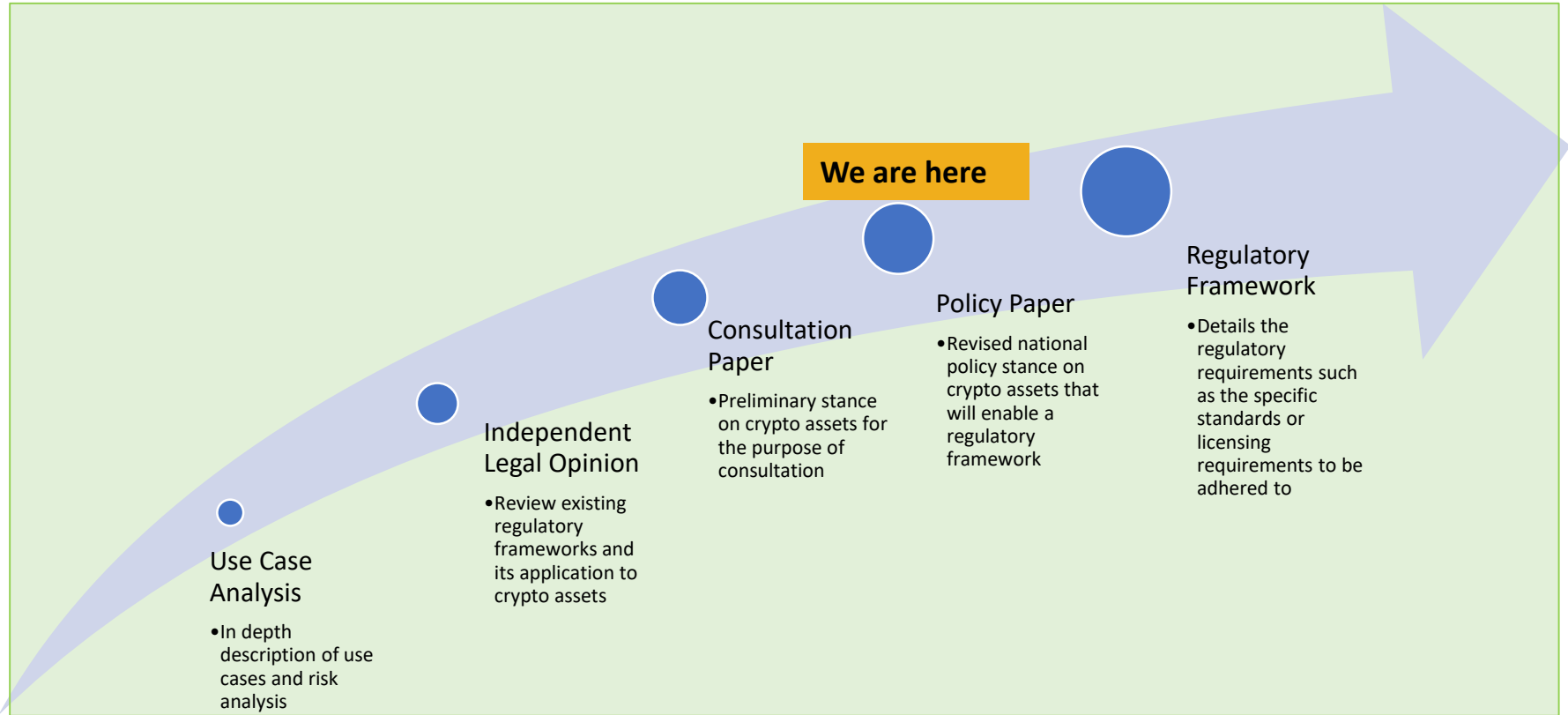


3

2



Process of regulatory review?

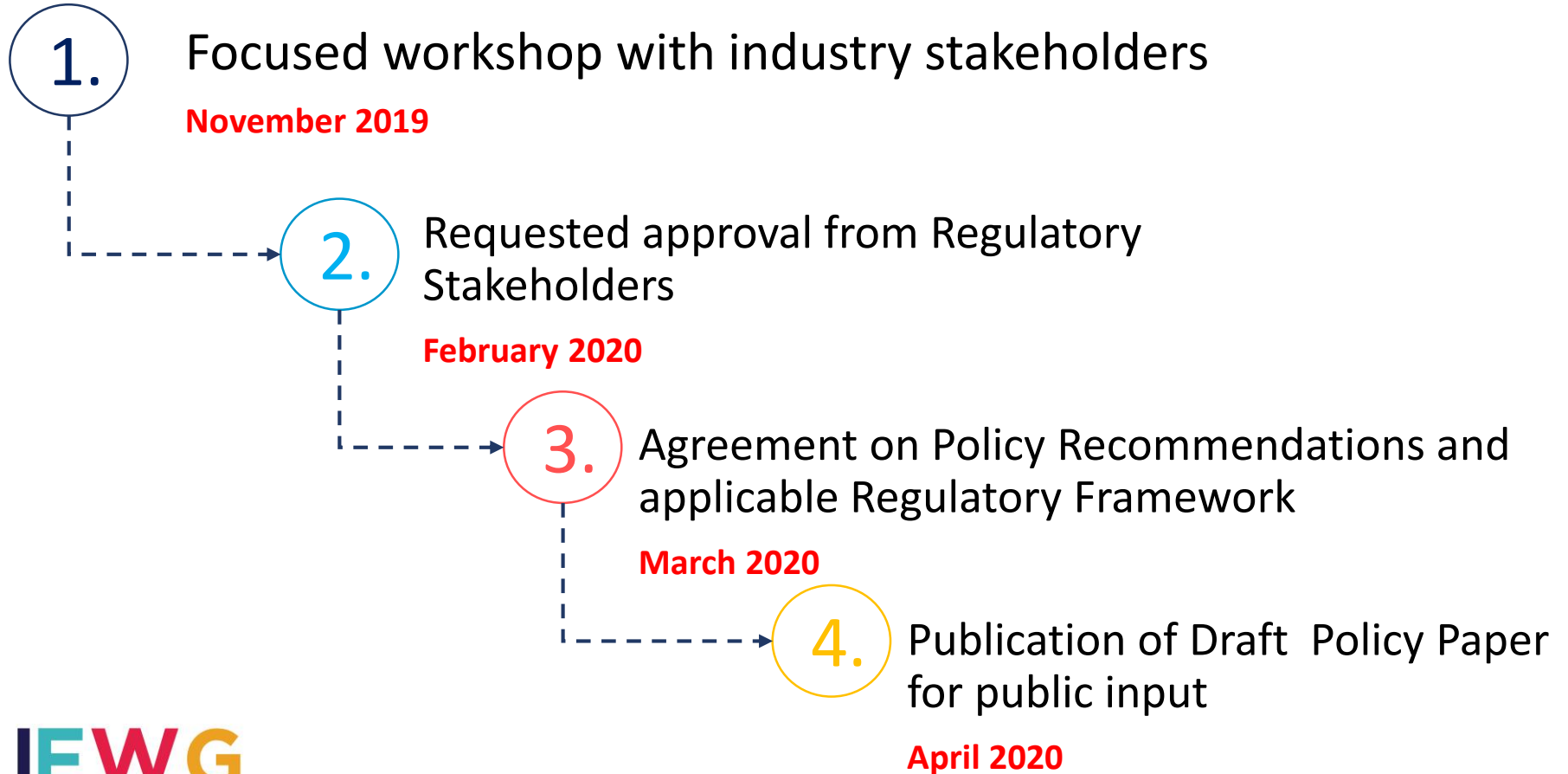


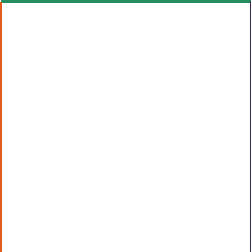
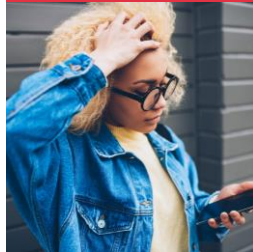
Main Recommendations from IFWG



1. Crypto asset service providers (CASPs) become accountable institutions in terms of AML / CFT requirements.
2. Crypto assets declared a financial product/service.
3. Introduction of an exchange control regime for surveillance of cross border flows.
4. No FMI interaction for money settlements.
5. Monitoring programme for crypto assets.

Way forward





Thank YOU