



Financial Intelligence Centre
Republic of Namibia

WILL CRYPTOCURRENCIES CHANGE THE FUTURE OF BUSINESSES?



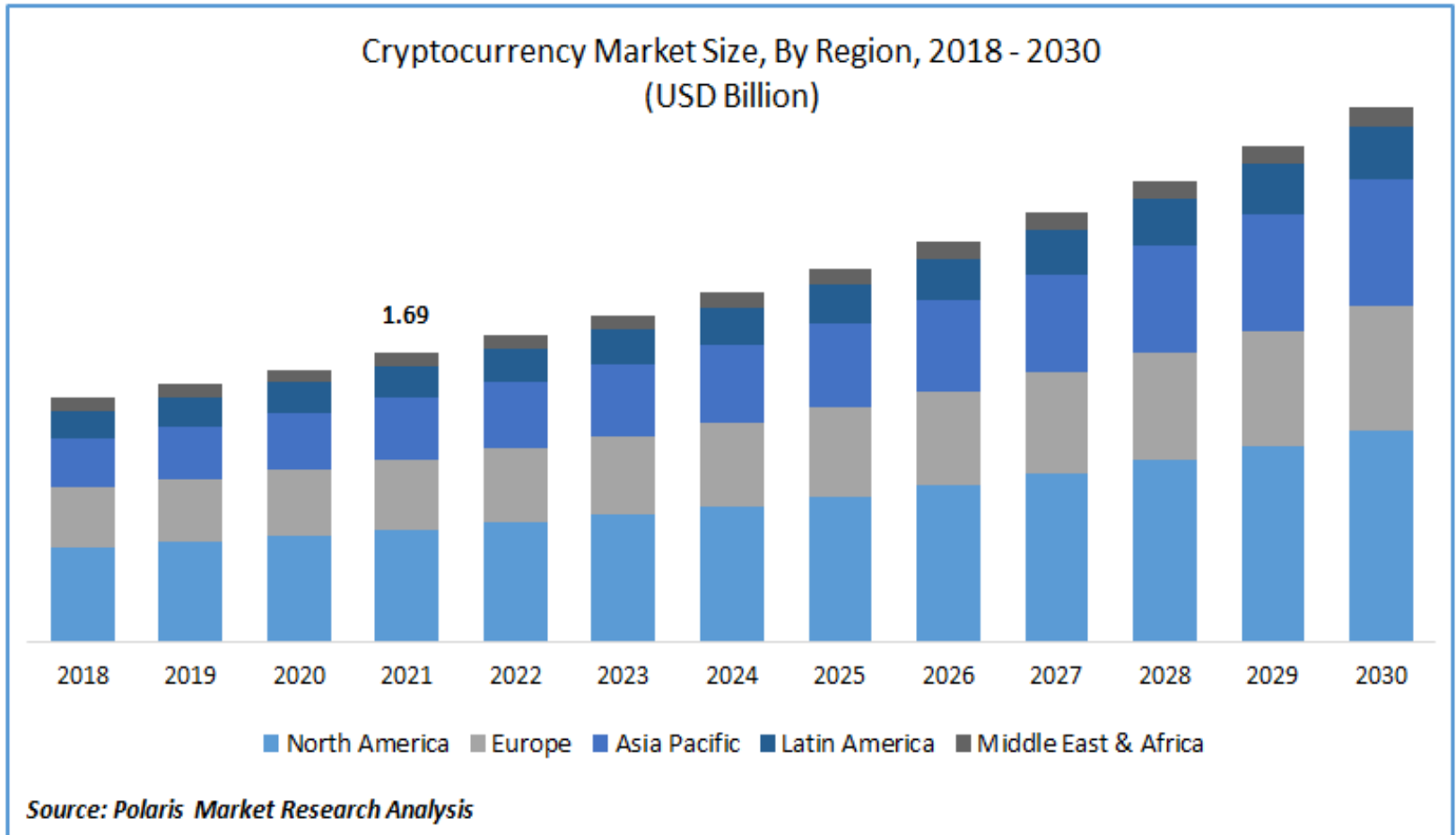
FOCUS OF THE PRESENTATION

- Growth of crypto: Global perspective
- Reasons & impact of cryptos' global growth
- Status quo: FIC registered Crypto dealers
- Challenges in growth of crypto
- Current crypto regulatory position in Namibia
- The question: Will cryptocurrencies change the future of businesses?



GROWTH OF CRYPTO: GLOBAL PERSPECTIVE

<https://www.polarismarketresearch.com/industry-analysis/cryptocurrency-market>





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GROWTH OF CRYPTO: GLOBAL PERSPECTIVE

Global cryptocurrency market: valued at
USD 1.69 billion in 2021

Expected to grow at a CAGR of **7.2%** during
the forecast period (2023 – 2030).

Highest growth in North America, followed by
Europe and in recent years by Asia Pacific

(The compound annual growth rate (CAGR) is the rate of return (RoR) that would be required for an investment to grow from its beginning balance to its ending balance, assuming the profits were reinvested at the end of each period of the investment's life span.)



PRO GROWTH FACTORS

- **Reduced costs** of transactions, compared to conventional financial services;
- **Faster remittances:** No third parties, middlemen etc., in remittances;
- **Higher yield investment:** though it fluctuates, generally grow at higher rates than most conventional investments in fiat currency.



PRO GROWTH FACTORS CONT ...

- **Higher yield investment:** though it fluctuates, generally grow at higher rates than most conventional investments in fiat currency;
- **Enhanced confidentiality:** limited due diligence owing to the absence of regulatory controls.
- **Enhanced financial inclusion:** No need for the processes of opening and maintaining bank accounts, paying periodic fees etc. *Would need a phone and internet access though.*



IMPACT OF PRO GROWTH FACTORS

- **Resulted in increased demand** for exchange houses or similar platforms;
- **Growing number of users** of cryptocurrencies (reached 106 mill users in Jan 2021. +/- 1.3% of global population of @ 7.9 bill); and
- **Growing acceptance** of cryptocurrencies by financial institutions worldwide. (Even forcing regulators to consider CBDCs)



STATUS QUO: FIC REGISTERED VASPs

	2018	2022
CRYPTO DEALERS REGISTERED WITH THE FIC	1	3
POTENTIAL VALUE OF TRADES (FACILITATED BY FIC REGISTERED DEALERS)	ZERO	+/- NAD 40 Million & Growing



CHALLENGES IN GROWTH OF CRYPTO

- 1. Limited regulatory appetite:** Most developing countries have limited crypto regulatory frameworks.
- 2. Vulnerable to abuse:** Highly susceptible to abuse by fraudsters, owing to lack of regulation, high level of secrecy etc. In Namibia, known cases of scammers claiming to invest public funds in Crypto.
- 3. Volatility of crypto value.**



CURRENT REGULATORY POSITION IN NAMIBIA

- 1. No prudential licensing, registration and approval:** BoN, FIC and NAMFISA working on creating such framework;
- 2. Supervision for Combatting Money Laundering and Terrorism Financing Risks:** mandatory as per FIA and starts with FIC registration. See FIA, Schedule 1, Item 13.



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CONTACT THE FIC FOR REGISTRATION

Institutions must **register** with the **FIC** as per
Section 39(2) of the FIA

(Go to www.fic.na in order to register)

Or

contact the FIC for assistance at:

061 – 283 5216 / 5236 / 5100



WILL CRYPTOCURRENCIES CHANGE THE FUTURE OF BUSINESSES?

1. Do **local businesses** have appetite to receive/make payments in crypto?
2. Is the **local environment fertile** for growth of crypto? Relevant **frameworks/Laws** that support crypto? Cases of public **defrauded through crypto**?
3. If any, why do we struggle to have a **local exchange house** or such similar platform?



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Safeguarding Financial Integrity

Thank you.