

## Grappling with cryptocurrency concerns

Bitcoin sank to \$6 558 on Monday, its lowest level since May. **Legalbrief** reports that the world's most popular cryptocurrency has lost \$3 000 in value as governments around the world grapple with how to deal with blockchain and the digital space. China has now accelerated a crackdown on businesses involved in cryptocurrency operations, a reversal from President Xi Jinping's previous signal to be more open to the blockchain technology. A report on the **CNBC** site notes that **the People's Bank of China on Friday pledged to continue to target exchanges and asked investors to be wary of digital currencies.** A report on the **Metro** site notes that the bank issued a statement saying when bitcoin or cryptocurrency trading is discovered, 'it will be disposed of immediately, and it will be prevented from happening early'.

*And lawmakers in Thailand say they plan to reform cryptocurrency laws after voicing concerns that they have made the country uncompetitive.* A report on the **Coin Telegraph** site notes that the Securities and Exchange Commission (SEC) says the reason lies in the poor uptake of its certification and licensing scheme by cryptocurrency businesses. Only five companies have completed certification, and of those, just two have launched over the past year. **'The regulator must be flexible to apply the rules and regulations in line with the market environment,'** said SEC secretary-general Ruenvadee Suwanmongkol.

*Meanwhile, SA crypto-currency exchanges have expressed disappointment over FNB's decision to close crypto-currency-linked bank accounts,* says an **ITWeb** report. The bank notified the exchanges it will close accounts for the crypto exchanges next year, citing the risks the digital currencies present. In a statement, FNB says it 'considers this to be a prudent course of action following a comprehensive review of the potential risks currently associated with these entities, particularly given that appropriate regulatory frameworks are not yet in place'. **The decision reportedly does not apply to individual customers.** While other local banks still accept crypto-currency-related accounts, FNB's move is not an isolated case. In August, Barclays said it was no longer providing banking services to major crypto-currency exchange Coinbase. 'We can confirm that FNB has decided to close our account with effect from 31 March 2020, along with other crypto exchanges in SA,' says Marius Reitz, Luno GM for Africa. However, he says Luno does not anticipate any impact to existing customers as it has other banking relationships in place to support deposits and withdrawals on the platform. Reitz says the reason given by FNB to close crypto-linked accounts is due to the bank's risk appetite, given the current absence of regulation of the crypto-currency industry.

*Other exchanges such as ICE3X and VALR received similar notices,* says a **Beeld** report. It notes **the Reserve Bank published draft proposals for more strict regulation of crypto currencies** in January. It includes proposals that certain transactions on currency exchanges with similar criteria as other suspicious and unusual transactions in traditional currencies should also be reported to the Financial Intelligence Centre.

*Around the world, fintech was the domain of plucky start-ups and telecoms companies.* No longer. Big tech is coming. **Facebook, Google, Apple and Amazon have decided to enter this space in one way or another with all the subtlety of an overgrown elephant.** In a **Daily Maverick** analysis, Tim Cohen questions whether banks should worry and consumers celebrate, or the other way around. He points out that Alphabet, Google's owner, has become the latest tech company to announce it would enter the financial services space, saying it would launch actual, formal bank accounts. 'But its announcement had an interesting little twist; it would not be doing so alone, but in conjunction with one of the big US banks, Citigroup, and even more bizarrely a tiny bank, the Stanford Federal Credit Union. Facebook's approach has been very different and much more ambitious; a whole new currency, Libra, which has been the subject of much controversy. But less well known is that Facebook has upgraded its existing payments system, and it's become clear that if Libra fails for regulatory reasons, the fall back is to build out a payments system. Apple's approach is different again – more or less. It released a credit card in association with credit card provider Mastercard and US bank Goldman Sachs.' Cohen notes that when it comes to business ripe for disruption, it's hard to see something out there as large and as vulnerable as financial services with the possible exception of healthcare. 'And big tech is, as it happens, nibbling at that too. But the approach of big tech to this industry is different from their approach to the media business which they just firebombed into oblivion from the outside.'