

27 March 2022

AfICTA Quarterly Webinar Report

24th March 2022



"Cryptocurrencies in Africa: Challenges and Opportunities"

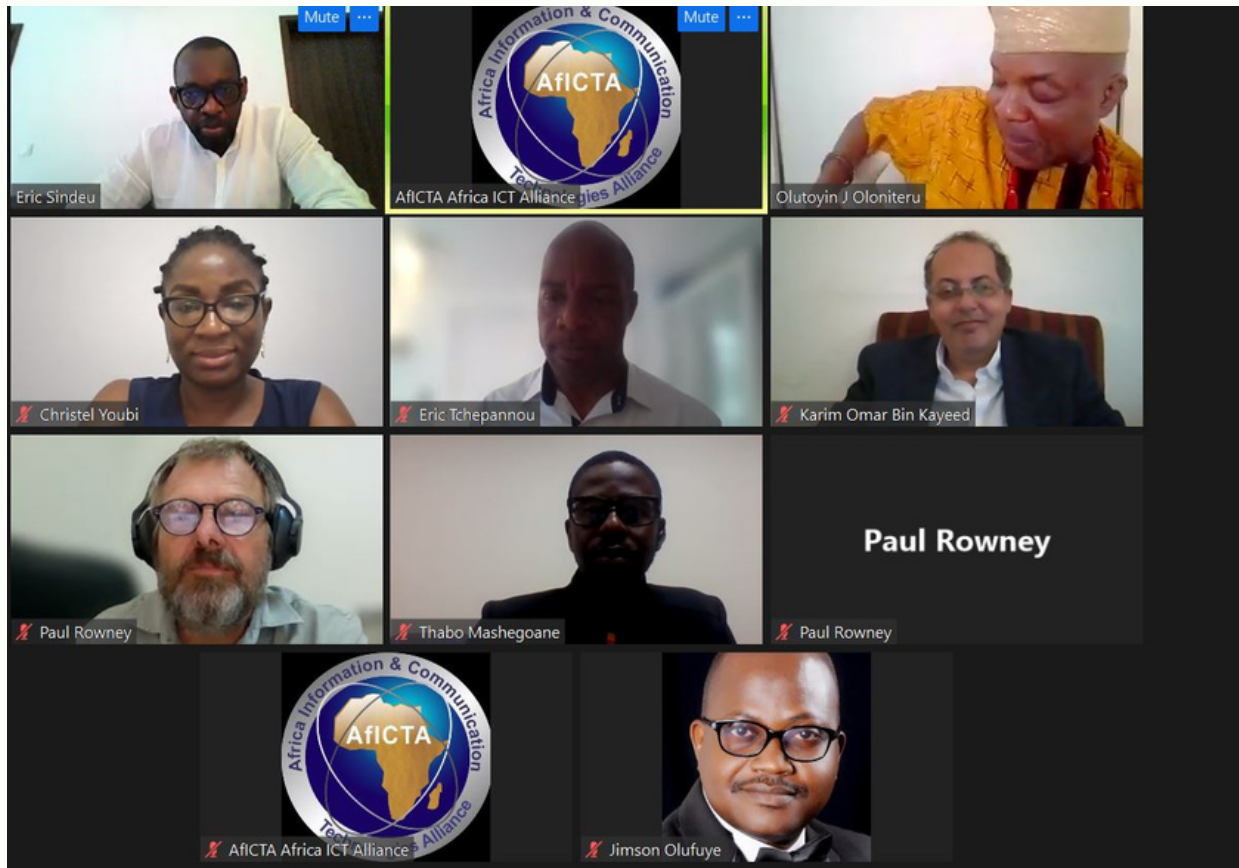
On 24 March 2022, AfICTA in collaboration with the Kemitel S.A organized the 1st edition of its Quarterly webinar for 2022 on "**Cryptocurrencies in Africa: Challenges and Opportunities**".

It provided a platform for professionals from across Africa to discuss issues surrounding the regulation of cryptocurrency in the region highlighting the vast opportunities that could be beneficial to the economic landscape and proffering recommendations on a suitable regulatory framework for the Cryptocurrency market.

The webinar was a very successful one with panellists and participants from all over Africa online who enriched the collective discourse. Among the highly esteemed panellists were: **HHI J Oloniteru**, Executive Director, Data Analytics Privacy Technology (DAPT); **Eric Tchepannou**, TechOps Engineer; **Christel Youbi**, CEO, A&M Group; **Rakim Omar**, Business Development Director, RayaIT.



Access Webinar Recording: <https://youtu.be/9IzWemvwide>



Opening Remarks

Mr Thabo Mashegoane, Chair of AfICTA welcomed all the panellists and the participants for joining the Q1 webinar for the year 2022. He appreciated the theme of the event being addressed by the host and how pertinent the issue is in the current financial market in Africa and globally.

Furthermore, he highlighted that AfICTA as an advocacy group strives to promote the practice of multistakeholderism in all engagement in the ICT ecosystem in the continent hence the reason that people from all stakeholder groups have been invited to benefit from the discourse. As an advocacy group for business is best positioned to carry out advocacy efforts that promote the operability of businesses in the current global market moreover, the rapid adoption of cryptocurrency as a means of tender albeit prohibited by some African countries is an issue which AfICTA works on remediating through multi-stakeholder forums such as the webinar alongside other advocacy forums to convey the private sector's issues on the regulations and policies preventing rapid adoption of cryptocurrency in Africa. He then introduced the moderator for the panel session, **Mr Eric Sindeu** - the Vice-Chair, Central Africa, AfICTA.

Understanding Bitcoin's Value and its Importance for Africa

After introductions by Mr. Eric Sindeu, he yielded the floor to the first speaker for his presentation.

Mr. Eric Tchepannou delivered a presentation on delivered on "Understanding Bitcoin's Value and its Importance for Africa. He opened by stating a claim that "Bitcoin has the potential to bring long-lasting freedom, peace, and prosperity to the continent". He further proposed 3 supporting arguments to his claims:

1. How mass adoption can contribute to prosperity?
2. How Bitcoin and its technology can be implemented to leapfrog in the digital transformation journey in Africa; and;
3. Why Decentralization and Blockchain are really important.

In his talks, he commented on the issues arising due to the ongoing war in Ukraine as the adverse effects of situations such as that raise the question of protecting our purchasing power. When inflation arises due to the Government's expansion of money supply and scarcity in commodities, individuals of lower-income status who are unable to control such situations are often the ones most affected

so he suggested that bitcoin as a deflationary monetary system poses an opportunity for anyone to be able to save the purchasing power of money and prepare for future contingencies.

Mr. Eric drew a nexus between the importance of bitcoin technology and the social scalability imperative for digital transformation. The digitalization journey in any society is depending on how technology influences social scalability and in turn, increases cooperation amongst people. Therefore, the advantage of bitcoin over any other technology in this process is that it eliminates the incalculable trust function important for mutual cooperation among systems and persons as it is integrated intrinsically at the protocol level of the technology.

Finally, Mr. Eric distinguished centralized and decentralized systems highlighting that the distribution of power in centralized systems is atypically asymmetric thereby making it susceptible to coercion but this is inexistent in a decentralized system as power is distributed symmetrically which has far-reaching implications including freedom which is imperative for success and prosperity. [Read More](#)

How Blockchain Fosters Financial Inclusion and CBDC.

Karim Omar, the BDD at RayaIT gave a presentation on How Blockchain Fosters Financial Inclusion and CBDC. The entire financial sector is currently undergoing a monumental shift in technology and the Blockchain and Distributed ledger Technology is the cornerstone of the change. The history of the Distributed ledger dates back to its initial conception in ancient Rome then in 1983, "Blind Signatures for Untraceable Payments" was introduced by David Chaum. It wasn't until 2005 that the first blockchain technology was created and consequently the first digital currency (Bitcoin) based on DLT was created by Satoshi Nakamoto in 2008.

Mr. Omar remarked that the study of the exchange of value has been meticulously examined by economists for ages and the recent influx of new unregulated digital currencies proves that the financial sector would need to adapt in order to handle the everchanging market properly.

He commented on the misconception that central banks are exploring digital currencies in order to exploit people or to control track and trace their citizen's financial data and also to better control taxation. Mr Omar held a rather polarizing view on the CBDC stating that the Central Banks' foray into the digital currency market is an effort to prevent itself from being left behind.

The taxonomies of the digital currencies and the CBDC have to be effectively combined in order to weed out the weaknesses and foster the strengths of both taxonomies and therefore create innovative technical and operational frameworks that promote inclusion for all strata and demographics that are financially excluded in the market. He finalized by adding that the cryptocurrency paradigm provides an opportunity for true independence and this can only be achieved when all actors and stakeholders including government central banks and financial institutions down to merchants come together to propose a new means of regulation for the crypto market. [Read More](#)

Panel Session

"What is, in your opinion the major benefits of cryptocurrencies for Africa"?

Mr. Olutoyin Oloniteru responded by summarising that the major benefit of the cryptocurrency market for Africa is that it provides an opportunity for African countries to develop at relatively the same speed as other continents. It also engenders true independence for most countries that were still colonized and under European country's control when the World Bank and IMF overlays were established in the 40s. It also provides the opportunity for Africa to create its own unique cryptocurrency that is designed based on the economic, and sociological realities in Africa while under legal boundaries. Finally, the creation of a unique cryptocurrency to serve its growing population also engender the implementation of the [Africa Free Trade Agreement](#).

He also responded to the question What are the necessary steps to be taken to build a robust ecosystem for cryptocurrencies and blockchain services deployment? highlighting key actions to be implemented methodically.

What role should governments play in this new digital trend adoption? he enumerated some key actions including

- 1.Enact the right legislation to guide the crypto industry and in particular cryptocurrency space.
- 2.The legislation must adopt the multi-stakeholder approach that takes into consideration the macroeconomic aspect of the emerging technology.
- 3.Government must support other aspects of the crypto space especially the academic aspect in order to draft a curriculum and guideline for practice in Africa such that job security is defined and guaranteed for the next generation.

Panel Session

What are the necessary steps to be taken to build a robust ecosystem for cryptocurrencies and blockchain services deployment?

Mr Olutoyin responded to the question aforementioned by highlighting key actions to be implemented methodically.

1. Organization of awareness workshops seminars and webinars to both enlighten the masses and build capacity among various stakeholders' groups in the crypto space.
2. Development of a unique cryptocurrency and other cryptocurrencies connected to it which would be used as the convertible international currency for Africa.
3. Development and set up an African-Oriented Crypto exchange under a multi-stakeholder licensing registration or authorization regime not controlled by the government but with Government understanding and appreciation.
4. Development of a multinational industry to collaborate legally and govern the single unique African Cryptocurrency
5. Development of Blockchain and cryptocurrency residues related to crypto asset inheritance governed through an African Wide Probate Registry. The CBDC is just an element of the Probate registry as this would be essential to prevent capital flight from Africa due to crypto exchanges or incapacitation or damage of crypto assets within Africa.

What are the major threats of massive cryptocurrencies adoption?

Ms Christel Youbi commented on the issues with the mass adoption of cryptocurrency in Africa elucidating that the major factor affecting adoption is the lack of centralized control of the digital currencies and the trust factor associated with exploring new technologies. African citizens are scared of the unknown due to the lack of control over the stability of digital currencies. She also highlighted that it is imperative that government rather than adding to the problem by prohibiting the use of the digital cryptocurrency should engage in widespread sensitization programs to demystify the misconception around trust and inform the general public on the value of cryptocurrency and in particular the benefits of having one which is unique to Africa. In her closing statement, she opined that the Cryptocurrency shift will affect the conventional financial systems controlled by the government in the nearest future so government and the public sector need to ensure it creates a system that ensures it's a key player in the evolution of the new digital trend.

Q & A Session

Should there be a need to find a middle ground between the decentralized model and the centralized model that is beneficial to the everyday citizens who need to be sensitized to the adoption of his technology?

Mr. Eric Tchepannou responded that as with anything new it takes time to fully get people on board but the risk element associated with the DLT and cryptocurrency trade, in general, is being worked on continuously. He stated that the multi-signature concept is being integrated into the bitcoin cryptocurrency protocol. There is risk associated with any new venture and we must take the responsibility of catering to our assets by ensuring we trade in cryptocurrencies with a proven track record as that is the price for the freedom which comes with the crypto market.

Mr. Karim also added that the dichotomy between the CBDC and the decentralized digital cryptocurrencies is in the adoption of these technologies. He stated that in some countries where Cryptocurrencies have to be accepted as legal tender, they also considered the adoption of CBDC with KPIs and rules which help creates a better instrument for regulation and more reliable investment. Secondly, he added that the idea of a "stable coin" does not necessarily have to be completely decentralized but can be blockchain-inspired can be adopted by the monetary institutions to better accommodate cryptocurrencies and the nation's legal tender.

Mr. Toyin emphasized the need for a curriculum on cryptography and the underlying technology involved from the basic education level. He also added that the issues of fraud and corruption in cryptocurrency should be an issue that the intelligence and security agencies need to address but if the central Bank the zenith financial institution if banned the use of cryptocurrencies then how can they learn and understand the necessary skills to carry out crypto forensics and prosecute bad actors. He concludes that there has to be continuous formal training for stakeholders both in the private and public sectors as all attempts to foster stability, trust, and adoption would be counterintuitive if people are not aware of the basic underlying technology and the best instrument to properly regulate the crypto space.

Q & A Session

Dr. Jimson Olufuye added that the middle ground to which the question alluded to could be an African Wide Cryptocurrency Platform where we bring in all the stakeholders including organizations such as AfICTA, UNECA, AU, the Central Banks of African Countries, the Law enforcement agencies where we come together to discuss how to create a framework that best suits African Cryptocurrency Market. This forum would not only serve as a platform for discussion surrounding crypto regulations and framework but also an opportunity to promote commerce at the intercontinental level which in turn generates value and wealth.

Conclusion

The Cryptocurrency paradigm provides an opportunity for Africa as a continent to leverage this emerging technology to accelerate our digital transformation strategy and the public sector's disposition of prohibition towards the adoption of cryptocurrency albeit founded on very important concerns on regulation, attribution, and trust frameworks need to be dissuaded. The government in African countries should rather synergize on leveraging the technology to create its own unique unified Afro cryptocurrency as this addresses the concerns of devaluation of national legal tender affecting most African countries. A Central African-wide cryptocurrency platform that imbibes the multi-stakeholder approach needs to be established in order to discuss and address the issues of regulation and adoption of cryptocurrency as this is the future.

Closing Remarks

Mr Paul Rowney, Deputy Chair AfICTA, thanked everyone on the webinar and commended the organizing team for conveying the very rich dialogue. He buttressed the importance of the topic as the question of financial ownership is an issue that is very important to all states in Africa. Finally, he reiterated the need for the key outcomes from an advocacy standpoint to be followed and implemented strategically, particularly from the government's perspective. He also promised that AfICTA would work on leveraging the expertise of the panellist to accomplish these recommendations.