

Nigerian central bank lifts ban on crypto trading

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Nigeria's central bank has lifted a ban on transacting in cryptocurrencies, while saying global trends had shown a need to regulate such activities, the bank said in its latest circular.



Source: Reuters.

The Central Bank of Nigeria (CBN) in February 2021 barred banks and financial institutions from dealing in or facilitating transactions in crypto assets, citing money laundering and terrorism-financing risks.

Subsequently Nigeria's Securities and Exchange Commission (SEC) in May last year published regulations for digital assets that signalled Africa's most populous country was trying to find a middle ground between an outright ban on crypto assets and their unregulated use.

In a circular released recently, the CBN said current trends globally have shown there is a need to regulate the activities of virtual asset service providers (Vasps), which include cryptocurrencies and crypto assets.

The latest guidelines spell out how banks and financial institutions (FI) should open accounts, provide designated settlement accounts and settlement services and act as channels for forex inflows and trade for firms transacting in crypto assets.

Vasps would need to be licensed by the Nigerian SEC to engage in the crypto business.

"From the commencement of these regulations, FI shall not open or permit the operation of any account by any person or entity to conduct the business of virtual/digital assets unless that account is designated for that purpose and opened in line with the requirement of these guidelines," the CBN said.



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But banks were still barred from trading, holding or transacting cryptocurrencies, the CBN said.

Nigeria's young, tech-savvy population has eagerly adopted cryptocurrencies, for example using peer-to-peer trading offered by crypto exchanges to avoid the financial sector.

New York-based blockchain research firm Chainalysis said in a September report that the volume of crypto transactions in Nigeria grew 9% year-over-year to \$56.7bn between July 2022 and June 2023.

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