

Africa could be the next frontier for cryptocurrency

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Interest in cryptocurrency, a form of digital currency, is growing steadily in Africa. Some economists say it is a disruptive innovation that will blossom on the continent.



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Cryptocurrency is not bound by geography because it is internet based; its transactions are stored in a database called blockchain, which is a group of connected computers that record transactions in a ledger in real time.

The difference between cryptocurrency and, say, Visa or Mastercard, is that a cryptocurrency is not now regulated by government and doesn't need middlemen, and transactions rely on the internet, which means they can happen anywhere in the world.

The big cryptocurrency global brands include Bitcoin, Litecoin, XRP, Dash, Lisk and Monero, but Bitcoin leads the pack in Africa. Created in 2009 by a person or people with the alias Satoshi Nakamoto, investors hope Bitcoin becomes the new mode of financial transaction in the digital age.

"Africa is rarely mentioned among the largest markets for cryptocurrency, but it may be set to steal a march over other markets," says Rakesh Sharma, a business and technology journalist.

Sharma says that citizens of countries battling high inflation are likely to opt for cryptocurrency, because "with their paradigm of decentralisation, cryptocurrencies offer an alternative to disastrous central bank policies."

Stealing a march

South Sudan's inflation rate was 102% between September 2016 and September 2017, according to the World Bank. Other countries with double-digit inflation rates include Egypt, Ghana, Malawi, Mozambique, Nigeria, Zambia and Zimbabwe. It is no surprise that some of these countries are among the main Bitcoin economies in Africa. The main Bitcoin countries are Botswana, Ghana, Kenya, Nigeria, South Africa and Zimbabwe, according to gobitcoin.io, a website dedicated to Bitcoin news in Africa. The BBC adds that cryptocurrency is gaining ground in Uganda.

When Zimbabwe's inflation skyrocketed in 2015, forcing authorities to print \$100trn notes (each worth just \$40), some Zimbabweans turned to Bitcoin.

Zimbabweans and citizens of other African countries transact in Bitcoin "as opposed to their local currencies, which are plagued with hyperinflation," comments Emmanuel Tokunbo Darko, vice president of marketing for ICOWatchlist.com, a platform that hosts cryptocurrency tokens.

There will be 725-million mobile phone subscribers in Africa by 2020, according to the GSM Association, which represents the interests of mobile operators globally. That means more Africans will have the tools to plug into the cryptocurrency ecosystem, says Sharma.

"I check my Bitcoin every day [on my mobile phone] and any chance I can get. Any minute, any hour, anytime, as often as I can," Peace Akware, a Ugandan millennial, told the BBC.

Bitcoin spreads

That African governments are not now regulating cryptocurrency may be a factor spurring its growth on the continent; however, there is no guarantee that governments will not change their current mindset.

Rather than simply not wanting to, governments may be powerless to regulate cryptocurrency, the Nigerian central bank indicated recently. Currently tackling the country's 12% inflation rate, the Nigerian apex bank announced that it could not control or regulate Bitcoin, "just the same way no one is going to control or regulate the internet. We don't own it."

Fearing a collapse of the banking industry or arbitrary appropriation of money by the government, Africans without access to banks and who live in politically unstable countries could be attracted to cryptocurrency. "Bitcoin transactions help to eliminate the procedural bottlenecks that plague traditional banking and financial services," Darko explains.

Some 15 cryptocurrency-related operations began in Africa in the past year alone, reports Sharma. But South Africa-based Luno Exchange, established in 2013 and now boasting 1.5 million customers in over 40 countries worldwide, is the first to be based in Africa.

Others, particularly cryptocurrency-based remittance services, are popping up in various countries. These services include Abra, which operates in Malawi and Morocco, GeoPay in South Africa, BitMari in Zimbabwe and London-based Kobocoin, which was launched by Nigerian entrepreneur Felix Onyemechi Ugoji.

The Plaas Application is a mobile app that enables farmers to manage their stock on the blockchain.