



Bank of Botswana

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PRESS RELEASE

STATEMENT ON CRYPTO ASSETS – PARTICIPATION AND REGULATION

The Bank of Botswana has been following and monitoring developments on the increasing trade in crypto assets, notably Bitcoin, globally and here in Botswana, including participation by residents and other domestic entities in regional and global trading platforms. Furthermore, the Bank acknowledges receiving and responding to public and media enquiries on the subject, specifically, legality in Botswana, acceptance by the authorities and the existence of any regulatory framework for the licensing, control, and protection of “investors/consumers”.

The Bank of Botswana makes the following observations:

- (a) there is no specific legal or regulatory framework pertaining to, or proscribing investment, in crypto assets, such as bitcoin in Botswana. Therefore, trading in bitcoin or similar decentralised technologies, also known as “cryptocurrency”, is akin to investment in any other intangible assets with attendant risks, inherent in such investments, such as complete loss of value or possible abuse of the technologies to the detriment of investors. These activities put the investor’s funds at risk, premised on the trust and full knowledge of the nature and scale of the risks associated with these forms or types of businesses;
- (b) it is advisable and considered prudent for those intending to participate in the activity to undertake due diligence on the registration and legality of the business, as well as

the nature of the business activity, including the manner of generation and source of returns;

- (c) there is general concern that, in several instances, the underlying activity may relate to pyramid schemes and scams (illegal, unfair trading practices and/or fraudulent solicitation of funds), which could result in individuals unwittingly participating in criminal activity and, therefore, liable for prosecution and/or exposure to significant risk of financial and asset losses;
- (d) the reference to crypto assets as currencies is a misnomer because they do not exhibit the key fundamental and complimentary characteristics of money or currency, being: (i) a stable store of value, (ii) a unit of account and (iii) a medium of exchange; that is, widely acceptable and accessible means of payment. Importantly, there is no backing by the state or central bank with respect to legal tender status, transferability, exchange and value; and
- (e) other than addressing and responding to activities that contravene the provisions of the Bank of Botswana Act, (CAP 55:01); Banking Act (CAP 46:04); National Clearance and Settlement Act, (CAP 46:06); Financial Intelligence Act, 2019 and other statutes and regulations administered by the Bank, the public would have no recourse to the Bank of Botswana for redress pertaining to fraud, misconduct, or financial losses emanating from or associated with participation in the crypto assets business.

The Bank of Botswana, however, acknowledges the potential for pervasive and significant effect of the crypto assets business on its functions and mandates and, in general, the broader financial sector of Botswana; hence there is continuing monitoring of developments by both the Bank and the Financial Stability Council, for the necessary response as may be warranted.

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