

# Nigerian cryptocurrency craze unfazed by bitcoin plunge

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The difficulty of transferring money in sub-Saharan Africa has made cryptocurrencies attractive for Nigerians despite the volatility of bitcoin

While bitcoin and other cryptocurrencies have suffered precipitous falls in recent weeks, the units remain popular in Nigeria where they make it

easier to do business.

On the surface, digital coins may not seem like a good idea in a country where corruption is rampant and stacks of hard cash are often smuggled overseas.

Yet West Africa's biggest economy has the world's third-largest bitcoin holdings as a percentage of gross domestic (GDP), behind Russia and New Zealand, according to Citigroup.

That may be because blockchain technology—public, online ledgers that underpin cryptocurrencies—is liberating Nigerians sidelined by the global financial system as it dramatically improves the ease of doing business.

Olaoluwa Samuel-Biyi, a slight 27-year-old entrepreneur, looks the part of an aspiring corporate disrupter, dressed in skinny jeans with dishevelled hair.

He first considered using cryptocurrency when credit card firms and other established payment providers refused to partner with his global remittance company, deeming the venture too risky.

"They said the markets were too high risk and that people could finance terrorism," he told AFP, laughing. "It's ridiculous."

He realised that the only way he could solve the problem was to use cryptocurrency.

"It's so hard to send money from Nigeria to Zimbabwe, or from the United States to Sudan," he explained. Banks were "very tedious" and payment companies "generally exploitative", he said.

"There's heavy discrimination, definitely. We have to go all around them to succeed."

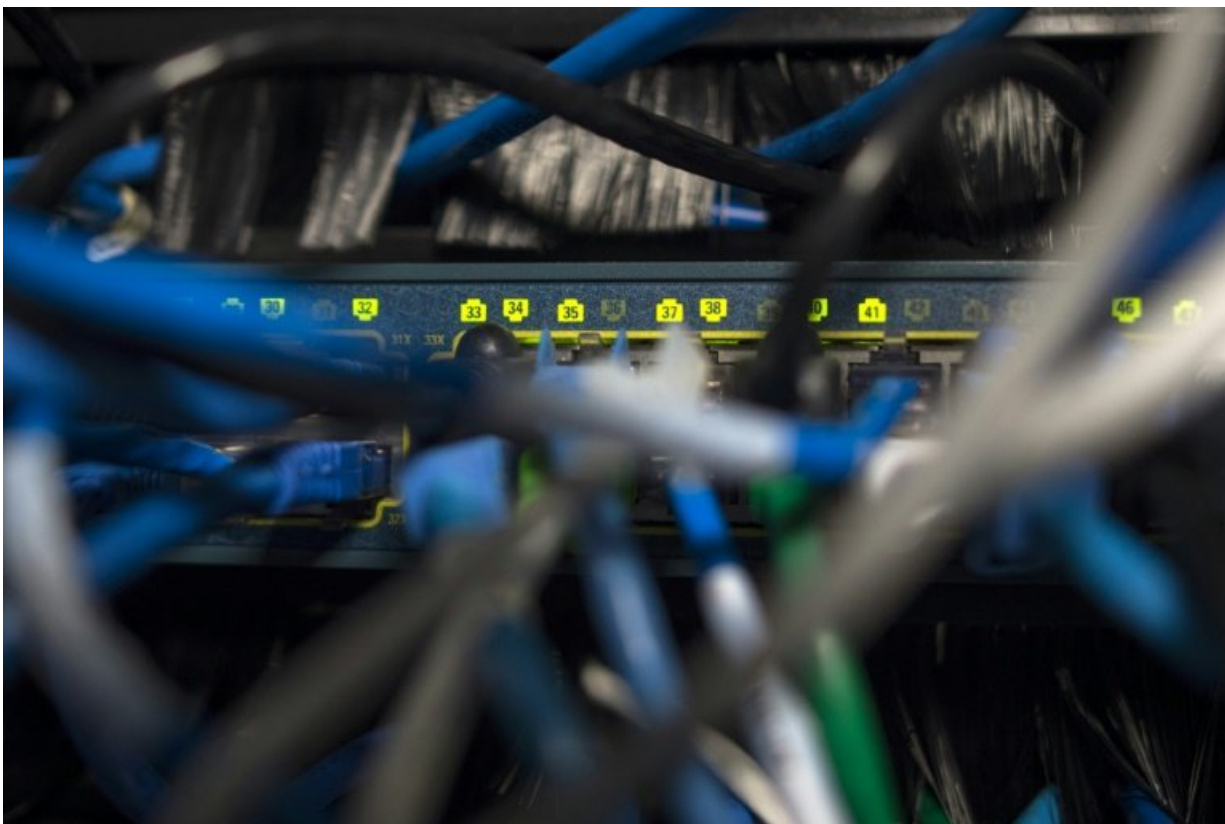
## **'Financial inclusion'**

Samuel-Biyi's company, SureRemit, developed its own virtual token—a kind of custom cryptocurrency like bitcoin or one of the many alternatives such as ether.

The tokens are used to buy vouchers, which may be used to purchase goods and pay bills at participating merchants anywhere in the world, cutting out cumbersome middlemen and eliminating fees.

In January, SureRemit held its "initial coin offering" (ICO), a form of online crowdfunding where people purchase the tokens to be put in circulation for use in eight countries, mostly in Africa and the Middle East.

The 500 million tokens, each worth two US cents, sold out in just two days and were snapped up by major cryptocurrency players, including South Korea's Hashed, raising \$7 million for the company.



Cryptocurrencies are a way for Africans to make payments online and abroad when banks or transfer companies won't, or only for high fees

"We were expecting scam allegations," said Samuel-Biyi, referring to Nigeria's unenviable reputation for online financial fraud. "But the world really accepted it."

If the token system works, SureRemit stands to take a chunk of the world's remittance market, which was worth \$429 billion in 2016, according to the World Bank.

It's hardly surprising that SureRemit was conceived in Nigeria: remittance flows that year were worth \$19 billion—more than four percent of GDP.

Sub-Saharan Africa has some of the highest remittance costs in the world, with the most expensive fees seen within the continent.

To send money from France to Mali incurs a five percent fee, a quarter of how much it costs to send from Nigeria to Mali.

Such high fees have for years forced Nigerians to find alternative, sometimes risky, ways to transfer money.

"I remember back in 2004, e-gold (a defunct digital currency) was the only option anyone in Nigeria had to make online payments," said Tim Akinbo, the founder of Tanjalo, a Nigerian exchange where people can buy bitcoin with the local naira currency.

"There are still African countries cut off from international commerce online. Bitcoin is technology that allows financial inclusion."

## **Naira volatility**

The depreciation of the naira, which has sunk to 305 against the US dollar from 169 in 2015, has made cryptocurrencies even more attractive—and the authorities are paying attention.

Nigeria's central bank governor Godwin Emefiele warned recently that "cryptocurrency or bitcoin is like a gamble", though the Senate has launched an investigation into "the viability of bitcoin as a form of investment".

Stern warnings haven't made an impact on trading, said Owenizi Odia, Nigeria spokesman for Luno, another cryptocurrency exchange operating in the country.

"I think there's an acknowledgement that this technology is the future,

going beyond bricks and mortar to improve cost efficiency," added Muyiwa Oni, an analyst at Stanbic IBTC Holdings in Lagos.

"For now we're still trying to distinguish who the main players will be."

Samuel-Biyi hopes to be one of them.

"Whether or not the authorities call it gambling, Nigerians are just looking for any opportunity to get ahead of the curve," he said. "It's part of the hustle."

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