

Zambia to finish cryptocurrency regulation tests by June - minister

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Zambia is planning to finish tests that simulate real-world cryptocurrency usage by the end of June to help it create regulations that balance citizens' safety with innovation, science and technology, minister Felix Mutati said.



Source: Reuters. Felix Mutati, when he was finance minister of Zambia.

The southern African country also needs digital infrastructure, including digital identities, before cryptocurrencies can be introduced, Mutati said in an interview on Wednesday, 13 April.

The Central African Republic surprised investors last year by making bitcoin legal tender and launching its own cryptocurrency token, but other African countries have been warier, with Nigeria banning banks from handling crypto assets.

"Our main goal in the area of cryptocurrency is to strike a balance between innovation in terms of digital payments ... against citizens' safety, particularly given that cryptocurrency is very volatile," Mutati said.

"The central bank is simulating that to see what would happen in the real world. The results will assist us (in) the formulation of the regulation."

Prices of digital currencies plunged last year amid the collapse of exchange FTX and a number of other companies, though they have recovered some of the losses this year.

"What we are seeing is increased appetite to invest in Zambia," Mutati said, when asked whether any investments under his purview had been delayed, suspended or cancelled due to Zambia's long-delayed debt restructuring.

Zambia, which was the first African country to default in the Covid-19 era in 2020, could lose gains made from economic reforms, if the restructuring of \$18.6bn of external debt is further delayed, the country's Treasury secretary said.



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Creditors from China, which has been accused by some Western officials of slowing down the restructuring process, hold the largest portion of Zambia's external debt - about \$5.7bn at the end of 2022, according to government data.

Mutati said the way Chinese loans were contracted during his tenure as finance minister between 2016 and 2018 depended on the project.

He said state power utility Zesco approached China's Sinohydro about building the Kafue Lower Gorge hydropower project, funded by a \$1bn loan by the Export-Import Bank of China and Industrial and Commercial Bank of China.

The government initiated the new Lusaka international airport, he said, while Chinese investors started the Chambishi economic zone.

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