

Cryptocurrencies: the year in review

Johannesburg -- Monday, 9 December 2019: The world of crypto in 2019 has brought more price fluctuation, many announcements that indicate cryptocurrency is becoming increasingly mainstream and tighter regulatory scrutiny. As the world moves towards a new financial system, cryptocurrency ownership has grown this year along with the number of use cases, including stablecoins and crypto lending. Marius Reitz, [Luno](#) GM for Africa, provides an overview of the important stories of the year.

Crypto being taken seriously

Facebook's announcement of an asset-backed stablecoin, Libra, dominated headlines this year. With access to a massive user base, Libra has the potential to bring cryptocurrency into the mainstream.

The owners of the New York Stock Exchange launched Bakkt, a platform designed to push Bitcoin much deeper into mainstream adoption by offering physically settled Bitcoin futures contracts.

Fidelity Investments became the first major institutional player to begin cryptocurrency custody and trade execution operations.

Central banks of the US, Europe, China and Ghana are looking at creating their own central bank digital currencies, putting a greater spotlight on potential use cases for cryptocurrency and blockchain technologies.

Attention on security and credibility

As an unregulated sector, cryptocurrency has attracted its fair share of scammers and looters. Customers have been unable to access over \$145m in cryptocurrency after the sudden death of the 30-year old founder of Canada's largest cryptocurrency exchange, Quadriga, whose CEO was the only person with the recovery codes needed to withdraw the currency held offline.

South Korea's Upbit crypto-asset exchange has temporarily frozen withdrawals and deposits after losing \$49 million in a single transaction during November, marking the seventh major crypto exchange hack in 2019.

Luno has built some of the world's most sophisticated security systems which have never been compromised. Thanks to this, we now have more than three million customers spanning over 40 countries, supported by a global team in excess of 300 people.

Price volatility

Cryptocurrencies are a new asset class, so there is a higher level of volatility compared with traditional trading. This is further fuelled by the global political landscape including trade talks, elections and Brexit, as well as relatively low levels of liquidity and the use of the coins for speculation.

Despite volatility, the price of Bitcoin is more than 100% higher than it was a year ago and its price trajectory over time continues to rise. As cryptocurrency starts to be used for its core purpose of exchanging value and regulation is introduced, the price will become more stable.

Regulation

The South African Reserve Bank (SARB) has taken a progressive approach to the regulation of cryptocurrencies, specifically clamping down on its unscrupulous use. It is expected to announce new crypto policy proposals in the first quarter of 2019

Luno became the first digital exchange to be regulated by the Securities Commission in Malaysia this year, allowing investors to buy, sell and store cryptocurrencies in a highly regulated environment. For Luno, this is an important milestone as it provides valuable experience in running a licensed exchange.

Luno welcomes regulation and is working with the SARB and other regulators around the world. We believe it will provide consumers of crypto with the comfort that the service they are dealing with is held to defined regulatory standards.

Although cryptocurrencies are not currently regulated in SA, Luno operates as though it is regulated. We also follow stringent KYC (know your customer) and AML (anti-money laundering) measures, which are digitally implemented across the 40 countries in which we operate.

Top ten exchanges

A Q3 report published in November 2019 by [CryptoCompare Exchange Benchmark](#) ranked Luno in the top ten out of 165 global crypto exchanges evaluated. Luno received an overall 'A' rating and was evaluated based on a broad set of important factors essential for the development of our industry. These include security, compliance, customer feedback and team strength.