



## **Blockchain Industry Coordinating Committee of Nigeria (BICCoN)**

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### **Public Statement on Cryptocurrency Clampdown in Nigeria**

22 November 2021

#### **Introduction**

We are the Blockchain Industry Coordinating Committee of Nigeria (BICCoN), the intercommunity working group set up by players in Nigeria's emerging blockchain industry.

BICCoN is constituted by the three major blockchain bodies/communities in Nigeria, namely the Blockchain Nigeria User Group (BNUG), Cryptography Development Initiative of Nigeria (CDIN), Stakeholders in Blockchain Technology Association of Nigeria (SiBAN); and independent stakeholders who may not yet be affiliated with any of the three blockchain bodies/communities.

#### **Resolutions**

Having comprehensively considered the current regulatory state of cryptocurrency in Nigeria particularly with the most recent and renewed blocking, closure and/or freezing of bank accounts used or suspiciously used for crypto-related transactions in the country, we have come to the following resolutions:

1. We consider questionable the actions of deposit money banks (DMBs), nonbank financial institutions (NBFIs), and other financial institutions (OFIs) blocking, closing, and/or freezing the bank accounts of individuals and entities by the mere fact that these individuals and entities are involved in cryptocurrency trading or cryptocurrency-related transactions without more. It is not supported under the current laws of the Federal Republic of Nigeria. Affected individuals and entities are advised to seek legal advice for the purpose of evaluating the individual circumstances of their cases. Where it is advised that their right has been infringed upon without legal justification, legal redress should be sought in our courts accordingly. Nigeria is governed by laws. All agencies, bodies, institutions, and organizations, whether public or private, are expected to be subject to the rule of law.

2. We restate the same position we took in our 13 February [press release](#) when we maintained that the Central Bank of Nigeria (CBN) has by its 5 February circular on cryptocurrency overstepped its statutory bounds and should review its step. As stated in that press release, "contrary to the CBN's claim in its follow-up 7 February 2021 letter that "the CBN circular of February 5, 2021 did not place any *new* [emphasis ours] restrictions on cryptocurrencies", it in fact does. By the latest circular, the CBN has effectively banned DMBs, NBFIs, and OFIs from providing banking and other financial services to persons and/or entities transacting in cryptocurrency or operating cryptocurrency exchanges within their systems. This is not a mere reiteration of the CBN circular of 12 January 2017. In the 12 January 2017 letter which though prohibited DMBs, NBFIs, and OFIs from using, holding, trading and/or transacting in cryptocurrencies, the CBN permitted these DMBs, NBFIs, and OFIs to provide banking services and other financial services to virtual currency exchangers/customers subject to ensuring that these exchangers/customers have effective Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) controls that enable them comply with customer identification, verification, and transaction monitoring requirements. As required in that circular, it is only when banks and other financial institutions are dissatisfied with the controls put in place by the virtual currency exchangers/customers should the customer relationship be discontinued immediately. The CBN also required that any suspicious transactions should be immediately reported to the Nigerian Financial Intelligence Unit (NFIU)."
  
3. We adopt and maintain our earlier position that however well-intentioned CBN's current anti-crypto policy or action may be, it encroaches on the law-making powers of the National Assembly, contrary to the provisions of chapter 4 of the 1999 Constitution of the Federal Republic of Nigeria (as amended). For clarity and ease of reference, we restate below our position as earlier asserted in our 13 February [press release](#) on this issue: "[W]ithout any adequate notice or court order of any court of competent jurisdiction, the CBN directed all DMBs, NBFIs, and OFIs to identify persons and/or entities transacting in cryptocurrency or operating cryptocurrency exchanges within their systems and close such persons' or entities' accounts immediately. Since 5 February 2021, a number of persons and entities accounts have been closed .... Though as the regulator, the CBN has the statutory authority to delimit banking operations, but ordering banks and other financial institutions to freeze [or close] accounts suspected to be in use for cryptocurrency may not be supported by law. This is because there is currently no legislation by the National Assembly criminalizing or illegalizing trade in cryptocurrency in Nigeria. Therefore, it is questionable whether the CBN has

the statutory power to order the (permanent) freezing [or closure] of these accounts. Besides, Nigeria's money laundering and anti-terrorism laws contemplate the freezing of individual or specific accounts, not a blanket closure of the accounts of a set of persons, entities, or entire industry by virtue of their involvement in cryptocurrency trading or services, a lawful business. If the CBN's circular is not reviewed, it will set a dangerous precedent in the country."

4. We consider that while the blockchain & crypto industry has been making efforts to engage the CBN particularly since its 5 February directive on cryptocurrency in Nigeria, CBN continues to act on its questionable circular without any serious regard or consideration for stakeholder engagements. In March, BICCoN contributed to the Nigeria fintech industry paper submitted to the CBN. Titled [Attaining Common Grounds: Central Bank of Nigeria Circular to Deposit Money Banks Position, Non-Bank Financial Institutions, and Other Financial Institutions on Transacting in Cryptocurrency](#), other contributors to the industry paper are Fintech Association of Nigeria (FintechNGR), Financial Services Innovator Association (FSI), and Fintech1000. The industry paper was circulated to the Nigeria Presidency; the National Assembly (The Senate President; Speaker of the House of Representatives; Chairmen, Senate Committees on Banking and other Financial Institutions, and ICT and Cybercrime, House Committees on Banking & Currency, Finance, Capital Markets, Financial Crimes, and ICT; and over 20 relevant government bodies and offices. Unfortunately, since March 2021, it appears to have all ended up being *paper*. This should not be so. It leaves much to be desired.
5. We reject the undue discrimination against Nigeria's blockchain & crypto industry. We note that our emerging blockchain & crypto industry has been severally, repeatedly, and largely unduly criminalized, demonized, and stigmatized, and discriminated against. Consequently, the CBN continues to effectively treat players and operators in the country's blockchain & crypto space (and whoever engages with this blockchain-technology application called crypto) as outcasts that must be denied access to banking and financial services. This is uncalled for and it is unfortunate; more so because misunderstanding, misinformation, and misgivings largely inform such negative orientation about crypto. As the face of the future of finance continues to shapen up daily in today's global financial services industry, Nigeria must realize that cryptocurrencies, crypto assets, or digital assets have a significant role to play in that future. And that future is now. Rather than incapacitating ourselves, we should be building capacity for the digital-assets era before it is too late.

6. We are not unmindful of the need for a safe and sound financial system and safeguard of national security. This is why in the absence of cryptocurrency regulation in Nigeria, we continue to work collaboratively to ensure that players in the cryptocurrency space, including crypto exchanges, cryptocurrency wallet service providers, peer-to-peer platforms, and OTC traders adopt and imbibe as much as practicable global best practices particularly in order to ensure KYC/AML mechanisms are put in place. Also, we have early in the year formed an Anti-Scam Crypto Taskforce in collaboration with the Securities and Exchange Commission (SEC); collaborated with our members to provide capacity-building training to law enforcement agencies in the country; and we continue to engage in cryptocurrency awareness and education programs, all in order to ensure that bad actors are kept away from our nascent industry. While we will be stepping up our self-regulatory interventions particularly concerning the use of cryptocurrencies for illicit transactions, we use this opportunity to call on concerned regulators, law enforcement agencies, and the government to collaborate with us to help sanitize the industry together, not stigmatize or demonize it.

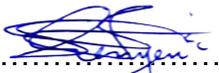
So our dear country Nigeria *does not kill the goose that might lay the golden egg*—to borrow the words of the Vice President Prof. Yemi Osinbajo—we are introducing the 5-point Crypto Advocacy Agenda in Nigeria (5 CAAN!).

With "5 CAAN!", we are engaging 5 major stakeholders in our pro-crypto adoption campaign as follows:

1. The Presidency
2. The Finance Minister with the Ministry of Finance, Budget and National Planning
3. The law enforcement agencies
4. The National Assembly
5. The courts

To find out more details about "5 CAAN!" and how you can be a part of it, click [here](#).

*5 CAAN! Yes, we can!*

  
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Senator Ihenyen  
General Secretary