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# Cryptocurrency and Blockchain Regulation

## Central African Economic and Monetary Community (CEMAC)

2023 Edition

**Blockchain and Digital Transformation in Africa.**

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**Note:** The information provided here implicitly highlights various regulations and laws in the country that can potentially impact digital asset service providers operating in the country's crypto and blockchain landscape. While these laws do not explicitly address cryptocurrencies, they provide a foundation upon which regulations can be modified or adapted to accommodate the evolving crypto and blockchain landscape in the nation.

# Overview

The Bank of Central African States (BEAC) oversees regulating monetary policy, issuing currency, keeping foreign reserves, and facilitating payment systems for the Central African Economic and Monetary Community (CEMAC). The BEAC has not stated its position on cryptocurrencies, but it established a legal framework for electronic money in 2011. The BEAC and the Central African Banking Commission (COBAC) oversee and supervise electronic money issuance, assuring standard compliance and addressing issues such as money laundering and terrorism funding. During the COVID-19 pandemic, the BEAC promoted the use of digital money to improve social distance and reduce virus propagation[1].

[1]Freeman Law, “Central African States and Cryptocurrency,” Freeman Law, 2022, https://freemanlaw.com/cryptocurrency/central-african-states/.

## Member Country Regulatory Frameworks

**Republic of Congo**

The Government of the Congo and the Central Bank of the Congo has not officially stated their opinion on cryptocurrency use and legality as of the 2018. Besides, cryptocurrencies are not covered by the BEAC either.

**The Central African Republic**

Law n°22.004

In April 2022, the Central African Republic (CAR) passed Law n°22.004 to legalize cryptocurrency transactions alongside the Central African CFA Franc (FCFA), the region's official currency. Thus, cryptocurrencies can be converted into national currency and used for electronic transactions and monetary obligations under the law. Traders' profits are taxed, but cryptocurrency exchanges aren't. The bill also created a National Electronic Transaction Regulatory Agency to monitor public ATMs and protect data and cybersecurity. Despite CAR's Paris Agreement and climate change mitigation efforts, the law does not address bitcoin mining's energy consumption and carbon imprint. Besides, due to its anonymity and lack of oversight, cryptocurrency use may facilitate money laundering and financial crimes.

A separate regulation will detail how the government would protect cryptocurrency legitimacy by providing convertibility choices. The law governs internet commerce, cryptocurrency services, and blockchain-based smart contracts for goods and services. The National Agency for the Regulation of Electronic Transactions (NARET) will regulate CAR's cryptocurrency market and oversee tax-paying platforms.

Besides, Article 10 of Law n°22.004 in the CAR requires economic agents to accept cryptocurrency for products and services. The CAR's monetary union membership complicated the adoption issues. Many African economies, notably the CAR prefer cash transactions, especially in the informal sector. The Central African Monetary Union Council of Ministers acknowledged the public's suspicion of non-cash payment methods and the economic partners' inconveniences.

## Cont.

Again, Article 10 also violates Regulation No. 03/16-CEMAC-UMAC-CM, which lists Central African payment methods such cheques, transfers, payment cards, and electronic money[2].

In Jan 2023, A 15-member group in the Central African Republic (CAR) is drafted cryptocurrency legislation to boost economic growth. President Faustin-Archange Touadéra believes cryptocurrencies may reduce financial barriers and aims to create a favorable business environment with a legal framework for crypto usage. Representatives from relevant ministries collaborated to create a regulatory regime that encourages cryptocurrency use in CAR.

**Cameroon**

Cameroon lacks cryptocurrency regulations. The country has no cryptocurrency laws. However, Cameroon is interested in digital currencies. The government tested Trest, a digital currency, with an Indian software company in 2015. Despite favorable outcomes, hefty electricity costs for cryptocurrency transactions prevented further testing. Separatist movements in Cameroon have adopted cryptocurrency despite the government's inaction[3]. Again, Southern Cameroon rebels launched AmbaCoin in 2018 to promote the Federal Republic of Ambazonia. AmbaCoin intends to separate the currency from the Central African franc and use it to attract foreign investment independent of the Cameroonian government.

**Chad**

Chad is a member of CEMAC.

**Equatorial Guinea**

Equatorial Guinea is a member of CEMAC.

**Gabon**

Gabon is a member of CEMAC.

[2] Kabré Rimdolmsom Jonathan , "Regulating Cryptocurrencies in the Central African Republic: Has the Cart Been Put before the Horse?," AfricLaw, July 21, 2022, https://africlaw.com/2022/07/21/regulating-cryptocurrencies-in-the-central-african-republic-has-the-cart-been-put-before-the-horse/.
[3] Freeman Law, "Central African States and Cryptocurrency," Freeman Law, 2022, https://freemanlaw.com/cryptocurrency/central-african-states/.

## Regulation No. 01/11-CEMAC/UMAC/CM

The In September 2011, Regulation No. 01/11-CEMAC/UMAC/CM established e-money issuer requirements and regulatory authority functions. In October 2011, the BEAC Governor issued Instruction No. 01_GR for e-money payment system supervision. A reference framework helps the BEAC supervise. In May 2014, Instruction 02/GR/UMAC established Multibanking for e-money issuing.

E-money issuance aims to correspond with monetary policy goals, secure funds, preserve public trust, and meet international payment system monitoring criteria. Since 2011, mobile money services have involved bank-mobile network operator collaborations. Before legislation, prepaid cards and pilot e-wallets were imported and sold. Lastly, four banks in the same group can offer prepaid cards with the same technical partner[1].

The BEAC ensures a stable economy and boosts access to banking by instilling confidence in electronic banking. The Central Bank's operations costs can be reduced by reducing cash use. It is required to promote payment systems. Besides, financial inclusion and money laundering and terrorism financing policies also support each other under this regulatory framework.

Only technical operators, MFIs, and banks can issue e-money. In accordance with regulations, the COBAC issues and enforces prudential standards. While that is the case, e-money issuance is regulated by the BEAC and verified by COBAC to ensure compliance.

[4] Eloundou Ndeme Jacques, "The Challenges Involved in Supervising E-Money Issuance Activities in Central Africa," A2ii.org, 2016, https://a2ii.org/sites/default/files/events/beac_eloundou_ndeme_jacques_en.pptx

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