



Cryptocurrency and Blockchain Regulation

Malawi



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 Reserve Bank of Malawi (RBM) has stated that cryptocurrencies are not a legal tender and should not be used as a substitute for the local currency[1].

Cryptocurrencies are gaining popularity, but the bank does not regulate them. Since there is no legal redress, bitcoin trading is done at one's own risk. There is a need to understand the risks of cryptocurrency and online trading schemes. The RBM is concerned about a lack of registered cryptocurrency exchanges in Malawi, which makes prosecuting fraud or malpractice difficult. The bank acknowledges blockchain technology's usefulness and emphasized that it will continue to follow advances in the industry and may consider its regulatory intervention position if warranted.

In response to pressure, the Reserve Bank of Malawi is investigating the legal status of cryptocurrencies. The bank's ethics and compliance manager admitted that a ban could force bitcoin users underground, complicating anti-money laundering operations. Due to sophisticated mathematics, bitcoin transactions and money laundering are hard to track. Cryptocurrencies like Bitcoin, Litecoin, and Ripple are prohibited in Malawi, and the Reserve Bank does not allow foreign investments in them[2]. To decide the country's cryptocurrency future, the bank is consulting stakeholders.

[1] Helen Partz, "Africa: Central Bank of Malawi Says Crypto Is Not Legal Tender, Warns of Trading Risks," Cointelegraph, May 27, 2019, <https://cointelegraph.com/news/africa-central-bank-of-malawi-says-crypto-is-not-legal-tender-warns-of-trading-risks>.

[2] Michael Malakata, "Malawi Reconsidering Legal Status of Cryptocurrencies," ITWeb Africa, November 12, 2020, <https://itweb.africa/content/wbrpOggY5NB7DLZn>.

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Helen Partz, "Africa: Central Bank of Malawi Says Crypto Is Not Legal Tender, Warns of Trading Risks," Cointelegraph, May 27, 2019, <https://cointelegraph.com/news/africa-central-bank-of-malawi-says-crypto-is-not-legal-tender-warns-of-trading-risks>.

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