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FOR IMMEDIATE RELEASE

BANK OF NAMIBIA RELEASES POSITION PAPER ON VIRTUAL CURRENCIES AND DISTRIBUTED LEDGER TECHNOLOGIES

1. The Bank of Namibia has released a position paper on virtual currencies (VCs) whose uptake in Namibia is evolving. The paper equally puts forward the Bank's stance on the utilisation of Distributed Ledger Technologies (DLT). The paper is aimed at educating the Namibian public on these innovations and to reflect the Bank's position on their use.
2. Virtual currency is a digital representation of value that is not issued by a central bank or public authority, nor is its value derived from a fiat currency (a currency that is declared by a government as legal tender in a country). In Namibia, the Namibia Dollar (NAD) and the South African Rand (ZAR) are the only two fiat currencies.
3. The value of virtual currencies is derived from their common acceptance among a group of natural or legal persons as a means of payment that can be transferred, stored, or traded electronically.
4. The Bank wishes to advise all stakeholders that it does not consider virtual currencies as legal tender in Namibia. Virtual currencies are therefore not to be considered equivalent to the Namibian currency.
5. Additionally, trading in virtual currencies is not currently regulated in Namibia and thus individuals that engage in such trading would be doing so at their own risk. Virtual currencies are considered unsafe to users that are unaware of the risks they possess. These risks include credit, liquidity, operational and legal risks.

6. Users of virtual currencies should also be aware of risks related to money laundering and the financing of terrorism when engaging in the trading of virtual currencies.
7. Significantly, however, the Bank recognises the potential positive impact that distributed ledger technologies (DLTs) might have in Namibia and as such, intends to conduct further research on the possible uses for such technologies. A Distributed Ledger is a database that is consensually shared and synchronized across networks - spread across multiple sites, institutions or geographies. DLTs are used to provide a history of transactions associated with the use of a particular unit of decentralised virtual currency.
8. The Bank continues to monitor the use of virtual currencies in Namibia and any possible impact on monetary policy, price stability or the demand for money, if the interest in this innovation continues to grow.
9. The Bank of Namibia remains resolute in fostering a sound and world-class payment and settlement system.
10. The position paper is available at <https://www.bon.com.na/Bank/Payments-and-Settlements/Publications/Position-Papers.aspx>



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