

Committee name: ECOFIN- Economic and Financial

Country: Nigeria

Agenda Item: Regulating the Crypto Eco-System

Delegate: Farah Darwish

Position Paper

Nigeria was home to a variety of ethnic groups, kingdoms, and empires long before the arrival of European explorers in the late 15th century. In the late 19th century, Britain established its colonial rule over the country, often through violent means. Nigeria became an independent country on October 1, 1960, but faced a number of challenges related to nation-building, economic development, and political stability. In 2017, Nigeria's central bank issued a warning to banks and other financial institutions to be wary of cryptocurrency transactions, citing the lack of regulation and the potential for money laundering and terrorism financing. In 1999, Nigeria transitioned to civilian rule with the election of Olusegun Obasanjo as president, but still faces significant challenges related to poverty, corruption, insecurity, and governance.

The regulation of the crypto ecosystem in Nigeria has been a topic of controversy and uncertainty in recent years. The Central Bank of Nigeria issued warnings to financial institutions about the use of cryptocurrencies, while the Securities and Exchange Commission sought to regulate the industry by issuing guidelines for digital asset issuance and trading. However, in February 2021, the CBN ordered the closure of accounts belonging to cryptocurrency traders and exchanges, leading to criticism from the crypto community. The situation remains unclear, but it is evident that regulating this rapidly evolving industry is a challenge that must be addressed. Amidst the controversy, we are exploring the launch of its own digital currency, the eNaira. The aim is to provide a secure and efficient means of payment while reducing the reliance on cash transactions. The proposed digital currency is expected to improve financial inclusion and stimulate economic growth in Nigeria. However, the success of the eNaira will depend on its acceptance and adoption by the public, as well as the effectiveness of the regulatory framework put in place to govern its use. It remains to be seen how the government will balance the need for regulation and innovation in the crypto ecosystem, but the launch of the eNaira may be a significant step forward in this ongoing debate.

We are trying to develop a clear and comprehensive regulatory framework for the crypto ecosystem, establish a regulatory body, encourage collaboration and communication, promote financial literacy, develop a monitoring and enforcement mechanism, consider international best practices, review and update regulations, and create a balanced regulatory environment to promote innovation while protecting investors and the public from risks and fraudulent activities.

https://en.wikipedia.org/wiki/Colonial_Nigeria

<https://www.imf.org/en/News/Articles/2021/11/15/na111621-five-observations-on-nigerias-central-bank-digital-currency>

<https://businessday.ng/news/legal-business/article/regulation-of-cryptocurrencies-in-nigeria-a-new-wrinkle/>