Cryptocurrency adoption and developments in Africa

Gareth Grobler is a digital currency entrepreneur and founded the cryptocurrency exchange iCE3X in 2013. He is a founding member of the UK Digital Currency Association.

Gareth Grobler is a digital currency entrepreneur and founder of iCE3X

Grobler has over 15 years of experience in IT infrastructure and architecture development. He started iCE3X as a proof of concept and has been involved with other ventures including Merkeleon, a software company that builds exchange and processing software based out of Austria, with offices in Minsk and London.

In this Q&A, Grobler provides clarity on developments in the industry within Africa and shares his views on cryptocurrency adoption on the continent.

▦ *What makes cryptos like Bitcoin so important?*

Cryptocurrency is like an insurance policy and effectively a financial experiment that's been running for ten years and has an incredible track record as far as being the best returning asset from an investment perspective over the last decade.

If you take those components and look at personal finances and you say to yourself, I want to get into Bitcoin then it's not a bad idea because you know you're looking at some real facts and real figures.

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The reality is that bitcoin is limited in supply so there can only be that much bitcoin which by default makes it a deflationary currency and the main application for blockchain which is the technology that underlies the whole Bitcoin network is money.

There's a need to have a real-world reserve currency that is not controlled by one political agenda or a small group of people.

What are the biggest obstacles for the mainstream adoption of crypto?

As humans, we are attracted to "easy". Crypto is not easy because being your own bank requires responsibility and it is not something that is automatically within everyone's skillset instinctively.

As things progress and become more mainstream this will become second nature to most people and there are new ways of solving old problems almost every day. It just needs time.

Is regulatory uncertainty one of the biggest challenges cryptocurrency exchanges face in 2020?

Regulation is taking shape slowly but surely. Financial Action Task Force (on Money Laundering) or FATF is the ultimate driving force and since November 2019 part of their remit during evaluations has been to look at how governments and central banks regulate the interaction of their respective FIAT currencies in terms of its interaction with bitcoin.

What impact do you think cryptocurrencies will have on how people trade especially in Africa considering that a huge number of people on the continent remain unbanked and excluded from the traditional financial system and cross-border trade is slow and inefficient?

It is a double-edged sword. Crypto gives more people access to more options but also creates a void where unscrupulous entities fleece consumers who are not as financially savvy due to the fact that they have not had regular exposure to financial products and or have no experience with investments.

What government issued African fiat currencies does your platform currently support?

The iCE3X platform currently supports two fiat currencies, the Nigerian Naira (NGN) and the South African Rand (ZAR) in addition to the more than 10 cryptocurrencies.

How do you list your tokens? What are the criteria for listing tokens? Will you add more fiat currencies to the exchange?

We are in the process of adding Euro and started adding stable coins during Feb 2020.

Listing tokens is important but not always a priority. We can process around 120 tokens at the moment but the market in South Africa does not justify it. We list tokens based firstly on user demand, then technology and lastly our management team takes a personal view on projects to see if they actually have a unique value proposition for our customers.

Many platforms simply list tokens for the sake of listing in order to try and appear bigger and better when in fact they do not actually add any value to the ecosystem, they simply list tokens for marketing purposes.

iCE3X has been operational since 2013. What prompted the early move in the space especially in African markets you operate in i.e. South Africa & Nigeria?

iCE3X began as a proof of concept for the SaaS exchange product but now we have more functionality and features than any other exchange in Africa. Our focus is on being the best trading platform and not a cryptocurrency custodian since our vision is to give end-users more options especially when it comes to storing cryptos and do not advocate storage on our exchange, only responsible trading.

We have a loyal user base and are very proud to be one of the few exchanges with legitimate trades and volumes. We take a customer-centric approach to the development and delivery of our offerings. Our primary focus is user education with regards to both cryptos and fiat money and blockchain technology adoption. An example is our free crypto trading platform feature which allows users to learn how to trade in real markets using demo tokens native to our exchange.

⁑ *How is the cryptocurrency industry developing in South Africa?*

iCE3X is the abbreviation for "Internet Currency Evolution" so we understand that the industry still has a long way to go and we will see many transitions as the industry develops. We are constantly working on new ways to educate users about the underpinning technologies behind cryptocurrencies and are pleased with the trajectory.

Crypto markets are maturing and user security and knowledge is the main focal point for most honest operators. Part of the downside to the success of bitcoin has been the rise of scams being perpetrated under the bitcoin banner by opportunists looking to defraud unsuspecting ecosystem participants.

⁑ *Can cryptocurrency keep your money safe from government expropriation as was the case with gold in the US in the 1930s under Roosevelt for example?*

Bitcoin's core value is enabling people to be their own bank. If you buy Bitcoin you're buying an asset that has a fiat value to it.

In other words, you could sell that asset for any other currency or exchange it for goods or services since it's traded worldwide so if you put your fiat money into bitcoin and you control the private keys to the wallet where that bitcoin is held then you fully control the digital asset.

The big problem with bitcoin and cryptocurrency, in general, is that people don't understand the difference between a custodial wallet and a non-custodial wallet.

For example, if you've got a million dollars worth of bitcoin in a custodial wallet or on an exchange then nothing is in your control. You'll actually be sitting on an IOU because the exchange or the custodial wallet control those private keys.

Personally, I'm not going to go to jail for anybody so if I get a court order telling me to lock a wallet, I have to lock the wallet. It's your personal responsibility to store your cryptocurrency safely so that's why I advocate for non-custodial wallets such as hardware wallets.

⁑ *You're a huge proponent of self-custody. Why is this so important?*

The exchange industry is unregulated and even the regulated banking industry provides very little real protection. People think that the money in their bank accounts belongs to them, but it doesn't.

The bank lets you think it does but when you read the small print you realise it belongs to the bank the minute you make the deposit. With bitcoin there is absolutely no benefit to using a custodial wallet, yet there are downsides. Why would you risk it? Why would you put yourself in a position where your funds can be confiscated, stolen or misappropriated? Not your keys...not your crypto!

⁑ *You're part of the group helping to advise the South African Reserve Bank with respect to cryptocurrency regulations. How would you ideally like to see them approach regulating the industry particularly crypto exchanges?*

We see cryptos such as Bitcoin as complementary financial instruments rather than replacements for traditional fiat. The SARB have been doing a great job in taking great care to understand the industry and any new challenges it faces, both technically and socially.

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It is pretty clear to everyone that cryptocurrency such as bitcoin itself cannot be regulated or controlled, but rather that the interaction of fiat money and cryptocurrency should and can be regulated. Ultimately citizens require consumer protection and the best way to provide this is by vetting and licensing the operators who facilitate the interaction of FIAT and Cryptocurrency. The wheels of government, unfortunately, do not turn as fast as we would like, but we are moving in the right direction and we look forward to being a licensed crypto-asset service provider (CASP).

▦ *How would you describe the progress in South Africa in terms of regulating the industry?*

South Africa is one of the leading countries worldwide in this respect. Our COO, Eugene Etsebeth was the inaugural chairperson for the IFWG (Intergovernmental Fintech Working Group) back in 2016 during his tenure at the South African Reserve Bank. I've been consulting with the financial regulator since 2012 so overall as a whole RSA have been keeping on top of the curve, yet have been very careful not to tie the industry with unnecessary red-tape so I can honestly say that it is one of the best jurisdictions in which to operate.

▦ *What are some of the legal and regulatory guidelines you currently follow and how will the organisation monitor emerging regulatory considerations? For example Anti-money laundering (AML) laws; and Know your customer (KYC) laws.*

We are proud to have been ahead of the game since inception. We have in fact set the standard in some respects.

We follow Financial Action Task Force (on Money Laundering) (FATF) recommendations and already comply with all the suggested government regulations in terms of KYC and AML, even though these requirements are not yet legal requirements.

We are also fortunate as I am a FATF recognised private sector expert and as a result, get to not only influence regulatory thinking on an international level but also benefit from first-hand exposure to the direction regulators are taking.

▦ *What are some of the steps you've taken thus far to ensure users of your platform are protected as much as possible from losses either due to an exchange hack or potential security failures?*

We operate a 100% cold storage reserve which means that customer funds are actually kept offline, so are not susceptible to theft as a result of hacks. Our platform is also the only platform in the world to have been tested and approved by world-renowned security experts, Kaspersky Labs.

Furthermore, we take great care in educating our users in terms of storing cryptocurrency safely and more importantly how to secure yourself against phishing attacks and similar online scams.

▦ *What programming language do you think is currently best used for developing cryptocurrency exchange software? Why?*

There is no single language or product that is necessarily the "best". We used the "best of breed" approach and not all components use the same technology stack.

For new entrants looking to learn a dev language, python and java are very popular and will allow you to interact with almost

all interfaces.

⠿ *iCE3 has fully featured Private and Public APIs. What benefit does this give to traders?*

Users with programming skills or resources can fully interact with the exchange using their chosen technology stack. This allows for some complicated trading plans to be executed seamlessly, where users can incorporate multiple exchanges or execute multiple plans on a single exchange. It even allows users with basic skills to pull live data into popular spreadsheet applications such as Google sheets.

⠿ *You recently launched the Instamyna Bitcoin Lightning Game, what makes crypto so attractive to gamers and businesses in the gaming industry? What are some of the interesting use cases of crypto are you seeing in that space?*

Crypto is ideal for online gaming as it has the main benefit of instant value transfer. Whilst the uptake is slow during the maturing stages of the industry I can certainly see huge potential for digitised assets and markets. I remember years ago how farms of gamers created digital fortunes by selling accounts for games like Diablo on eBay.

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I can see digitised assets trading for crypto online in the near future. Environments like Second Life are a great concept, but without real-world monetization at scale, it is a difficult sell. Crypto changes this.

⠿ *What can you tell us about the product roadmap for the exchange? You continue to release new features and list new digital assets, what upcoming features are you most excited about rolling out?*

There are a host of new features, functionality and assets scheduled for release during 2020. This includes stable coins, auto trading, 5 new order types, completely revamped and unique rewards system, new mobile apps, gamification and more deposit and withdrawal options.

We are most excited about Artificial Intelligence Coin, our native utility token which will take cryptocurrency adoption and use in South Africa to a whole new level. This is due for release towards the end of Q1 2020.

⠿ *What are the benefits of using iCE3 as opposed to other exchanges in South Africa?*

iCE3 has a profit business model as opposed to chasing numbers that allow for constant rounds of VC funding. We spend what we make in profit and do not burn funds that we are unlikely to ever make in profit. We are completely opposed to the banking style approach of many other exchanges in terms of marketing and products.

We deliver products and services that are robust and which work, always having the customer at the centre of what we do. This is something we do through action and not just lip service. We offer more features and functionality than any of our rivals and we do not partake in trading as a company. To register on the exchange and start earning crypto a simple process.

⠿ *Any advice to young entrepreneurs who want to start their careers in the blockchain industry?*

The best advice I have to anyone, blockchain-related or not is, "In life, love or business; Always add more value to any relationship or connection you have, than what you take out. If you do this, you can never lose."