

FCSA crypto licensing cause for cautious optimism and concerns

 By [Lindsey Schutters](#)

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Experts have expressed a mix of optimism and concern regarding South Africa's Financial Sector Conduct Authority (FSCA) licensing of 59 cryptocurrency asset service providers (CASPs). While the move enhances consumer protection, Wiehann Olivier, partner and fintech and digital asset lead at Mazars in South Africa, notes the discrepancy between the 93 applications and 59 approvals.



Surging cryptocurrency prices have brought more scrutiny to the local crypto market. Source: DS Stories/Pexels

“This discrepancy indicates that up to 34 CASPs were either rejected or may receive approval the following month,” explains Olivier.

“This phased approach to licensing could potentially affect the operations of CASPs licensed in later months, as the timing difference may result in investors withdrawing funds from CASPs awaiting licenses to invest with those already licensed. Hopefully, the FSCA has considered these potential implications with their decision.”



South Africa takes lead in crypto regulation, approving 59 licenses

Lindsey Schutters 14 Mar 2024



The FSCA's actions aim to reduce risks in South Africa's crypto market, especially with Bitcoin's price surge. A regulated environment is meant to control risks like money laundering and terrorism financing, as identified by the global Financial Action Task Force (FATF).

However, the effectiveness of this framework depends entirely on the FSCA's ability to monitor the industry effectively.

"I am interested in seeing CASPs on the list that have complied with the existing laws and regulations before the FSCA introduced its licensing regime," says Olivier.

"I expect that exchanges with a high volume of transactions will receive approval first, considering their critical role in supporting South Africa's digital asset sector and facilitating operations for other CASPs locally and abroad."

He expressed concerns about the inclusion of entities with a history of disregarding regulations making the list, believing that their presence could undermine the regulatory framework's goal of enhancing the sector's legitimacy and safety.

Despite these concerns, Olivier is confident in the FSCA's due diligence process.

Binance responds positively

Cryptocurrency giant Binance welcomes the developments, with the exchange's South African GM Hannes Wessels calling it "a great development, and we're excited to see this progress, supporting South Africa as a leader in regulatory advancements in Africa".

Wessels commended the work of the FSCA for its commitment to "innovation-driven policies".

“ This move will contribute to clarity, user protection, and much-needed confidence in the ecosystem ”

Wessels emphasised the importance of stable regulation and confirms its own license application is pending.

"We remain committed to working with regulators and policymakers to shape policies that protect consumers, encourage innovation, and propel our industry forward."

A maturing global asset class

"The past decade's evolution of the digital asset market has been fascinating," says Olivier. "What began as a peer-to-peer currency has become a store of value and now challenges even the traditional financial sector."

"Crypto's ability to empower individuals with financial inclusion truly marks its establishment as a global asset class."

The FSCA's actions will undoubtedly shape the future of South Africa's cryptocurrency market. This new era brings heightened regulatory scrutiny alongside the ongoing potential for growth and innovation.

ABOUT LINDSEY SCHUTTERS

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