

# Are cryptocurrencies the next step in colonialism or the road to upliftment?

The business world has moved beyond the idea that if it isn't made of bricks and mortar, then a company has no value. The classic illustration of this principle is that of Uber, which despite being one of the largest transport organisations in the world, actually owns no vehicles.



Fay Mukaddam, CEO of 4AX

“When one looks at it like this, there is no real reason for the financial services and capital markets to be any different. After all, the aim of the game, whatever the industry, is always to see how we can; encourage the inclusion and participation of as many people as possible within financial markets, and make things simpler for the client or end-user, using available technology,” says Fay Mukaddam, CEO of 4AX.

“With this in mind, there is both room and a need for a platform like blockchain, which we believe offers enormous potential not just to the financial sector, but to industries across the spectrum. Of course, the one that is most often talked about in finance is cryptocurrencies, which is ultimately nothing more than an application built on top of blockchain technology.”

There are a lot of conflicting opinions across global markets as to the benefits cryptocurrencies may offer. Mukaddam believes that, “before we can truly attribute value to it, we need to both understand what it does and how it may improve things. We also need to contemplate the fears and anxieties it raises, such as the concern around moving large values across borders in a situation where there is no regulatory control.”

There is certainly more value to be gained from such technologies than there are things to be feared. “The answer most likely lies in managing it and contextualising it properly. The regulators certainly need to approach it from this angle, rather than from a point of fear and anxiety. As the latter will only lead to them wanting to shut it down.”

## African perspective

“From an African perspective, I think we clearly need to recognise the potential that cryptocurrencies offer to the continent, as a solution that can effect real change as a driver of financial inclusion, and thereby help to close the massive socio-economic disparity gap. If we consider just the opportunities this opens for cross-border trading in Africa, the benefits are obvious. No doubt there are challenges that come with this, not the least of which is the sovereignty issues relating to the taxes and customs fees that would be applicable, were we talking about a physical entity.”

However, cryptocurrencies offer immense opportunities in terms of economic development where, for example, the Bricscommunity would be able to undertake cross-border trade without all the suffocating regulations that currently govern such a process. “The ease of trade and of movement that comes with this will ultimately help to encourage trade with partners, irrespective of where they are in the world.”

“I am, in fact, less concerned about the technology than I am the regulatory oversight, as it is imperative to ensure that there is full transparency and disclosure, to eliminate the possibility of fraud or malicious circumvention of due process,” says Mukaddam.

## **Economic colonialism**

There are speculative market concerns that cryptocurrencies hold the potential to launch a new cycle of economic colonialism, where the rich use it to oppress the poor.

“I am, however, more of the positive view that fintech, such as cryptocurrencies etc., have the potential to effectively reduce the gap between the haves and have-nots, almost overnight. Where there is innovation, there is positive possibilities for all,” adds Mukaddam.

“Though, to uplift a significant portion of the African continent, due consideration and appropriate steps must be taken to regulate these new asset classes, as well as education initiatives to ramp up on financial knowledge and literacy. We must ensure that ordinary citizens are not being defrauded, or are continuously excluded from participating in capital and financial markets. We simply cannot allow those that need to be uplifted to be taken advantage of or oppressed by exclusion.”

“When it comes to potentially game-changing technologies, such as cryptocurrencies, it is important for markets and authorities, alike, to not allow themselves to be steered by fear of change. Rather, the focus should be on how we can positively map our way through the challenges and utilise such innovation to drive change – and change that will have meaningful impact on positively transforming people’s lives,” concludes Mukaddam.

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