

The state of the crypto-economy in Africa

While many parts of the developed world are fixated on speculative activity in the crypto-economy, people in Africa are teaching us about the true use cases of bitcoin and the opportunity it presents for greater financial inclusion of the under-banked.

 By Evan-Lee Courie 6 Mar 2020



Ray Youssef, CEO and co-founder of Paxful

Paxful is a business based on using bitcoin to grant financial access to underserved communities in developing countries and believes that 2020 will be a landmark year for the African crypto and blockchain industry and that the world has much to learn from Africa about the future of the crypto-economy.

Paxful's mission is to give people a simple, fair, and secure platform for buying and selling bitcoin. They aim to bring financial inclusion to the underbanked and unbanked through peer-to-peer finance. Every user gets a free digital wallet that lets them send, receive, and store BTC. The P2P marketplace cuts out the middleman with their secure escrow service and has a 24/7 customer support system dedicated to resolving issues for their users. At the end of 2019, Paxful reported three million users globally and \$1bn in trade volume.

Ray Youssef, CEO and co-founder of Paxful, shares more insights on the future of the crypto-economy and what the world can learn from Africa.

Exactly how does the African crypto-economy compare globally?

The African continent is home to many of the world's unbanked people; fortunately, bitcoin provides a new way for these people with low-cost, fast and convenient access to the global financial system.

With one of the most connected mobile internet populations in the world, innovative services like e-wallets and M-Pesa have already made Africa one of the leading digital banking ecosystems in the world. Digital currencies such as bitcoin take financial innovation one step further, providing users with a global financial passport.

As a global bitcoin marketplace, at Paxful we have seen Africa making enormous strides and become a leader in the crypto economy. Africa is our fastest-growing market and provides the highest number of new subscribers to our portal per month globally. Every week, we escrow roughly a quarter of a million bitcoin trades for African users.

African consumers are using cryptocurrency to satisfy both personal finance needs and entrepreneurial ventures. Including:

- Money transfers
- Payments for products and services
- Wealth preservation (storing money in bitcoin can be useful in countries with hyperinflation)
- Donations to good causes
- Building businesses e.g. Import/export ventures.

▣ ***What are the lessons currently being taught by the African marketplace that holds global benefit?***

We have found that the bitcoin economy really benefits from African consumers. The continent's bitcoin users are the most ingenious and resourceful – they are entrepreneurial, innovative and creative problem-solvers. Ultimately, they are redefining our understanding of the uses of bitcoin. I highlighted specific bitcoin use cases previously.

▣ ***What is the potential impact of the crypto-economy on Africa, not only with regards to peer-to-peer finance but from an education, skills development and positive social impact perspective?***

With bitcoin's original mission of financial inclusion in mind, it makes sense that bitcoin has become an alternative gateway to the global economy.

As a bitcoin-marketplace, we are committed to reaching as many people as possible to help them better understand the opportunities presented by the crypto-economy. Education and social development are therefore key priorities for Paxful.

In 2019, we launched a university education drive to expose youth to the true use cases of bitcoin. These workshops highlight how to avoid falling prey to bad actors in the crypto-space and counter the over-emphasis on bitcoin speculation by providing key, practical insights, with each attendee also receiving free bitcoin to start them on their journey. To date, youths have attended the events at universities in South Africa and Kenya.

In November 2019, we also launched our global ambassador program called the Paxful Peer Program, a platform that allows users to educate and support each other as they navigate the bitcoin-economy. The program was trialed in South Africa initially and has been extended to include many other markets on the continent, as well as Latin America.

To further support grassroots education and to encourage the cryptocurrency sector to contribute funds to humanitarian projects, we launched our social good initiative entitled #BuiltWithBitcoin in 2017. Established in partnership with Zam Zam Water, a humanitarian organisation devoted to eradicating poverty by providing clean, sustainable water and access to quality education to villages across the globe, #BuiltWithBitcoin has raised over R3million for charities across Africa and the Middle East to date.

Our ultimate goal is to build 100 schools across emerging markets, in addition to raising funds for water wells and community gardens to facilitate sustainable agriculture.

▣ ***Why will 2020 be a landmark year for the African crypto and blockchain industries?***

Crypto adoption is rising, and the African crypto-industry has undoubtedly taken huge leaps in 2019. It is expected to hit new heights this year with more governments expected to formulate enabling regulations and more global giants expected to launch blockchain projects across the continent.

We are very, very bullish on Africa and believe that the continent has tremendous potential and is critical to the future of the global crypto-economy overall. While many parts of the developed world are fixated on speculative activity in the crypto-economy, people in Africa are teaching us about the true use cases of bitcoin and the opportunity it presents for greater financial inclusion of the under-banked and unbanked.

As a company, we want to do what we can to ensure that our platform continues to be a bridge to the global economy for our customers. We also want to increase our investments in education, fintech skills development and our support for entrepreneurs.

ABOUT EVAN-LEE COURIE

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