

The Bitcoin bug



Central Bank of Bahrain doesn't recognise trading in cryptocurrencies

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TDT|Manama
Muhannad Mansour

Amidst rumours doing rounds about Bahrain opening its first Bitcoin shop, investors here are unclear over the legal aspects with regard to investing in cryptocurrencies.

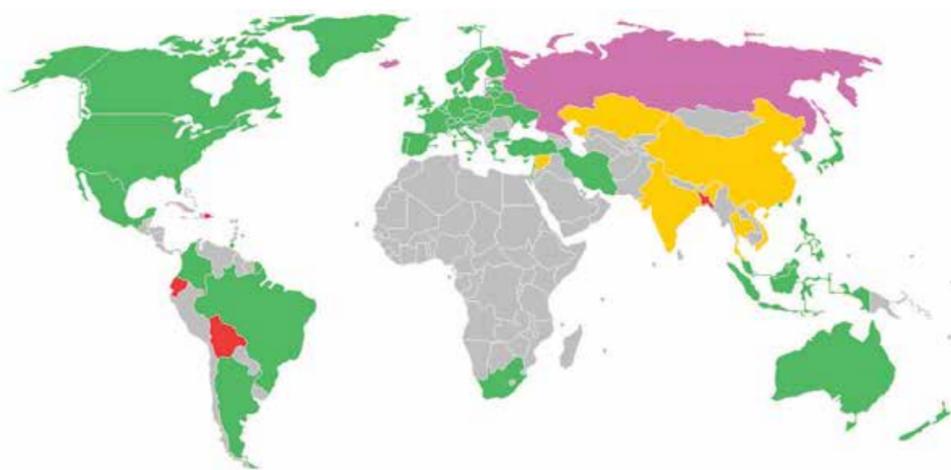
Bitcoins have been making headlines all over the world, with many countries recognising it as an approved currency, while an equal numbers of countries warning of its negative impacts on the economy.

Managing Director of INFINITIWARE, a Bahraini artificial intelligence company, Ameen Al Tajer, explained to Tribune that "Bitcoins are basically a digital currency created by an anonymous person or entity named Satoshi Nakamoto almost a decade ago".

"Unlike ordinary financial systems, they're operated by a decentralised authority. Nakamoto introduced this system in 2008 shortly after the global recession occurred, as an alternative for the ordinary centralised banking system, which was blamed for the recession. The new system allows in-

dividuals to make transactions using the peer-to-peer (P2P) technology, removing third parties or any centralised authorities over transactions. Fundamentally, using this technology protects users' privacy by not revealing their identity and location. As a system, it has its pros and cons," Mr Al Tajer commented.

He affirmed that the system isn't regulated nor recognised by the Central Bank of Bahrain (CBB) and many other governmental authorities of the world. On January 7 this year, CBB Governor Rasheed Al Miraj warned of the speedily spreading Bitcoins, stressing that "It's not included in the currencies recognised by the CBB Law", but at the same time confirming that "CBB cannot prevent Bahrainis from using it in transactions abroad". The governor's statements came during a discussion at Shura Council.



■ Permissive (it's legal to use bitcoin)
■ Contentious (some restrictions on legal usage of bitcoin)
■ Contentious (interpretation of old laws, but bitcoin isn't prohibited directly)
■ Hostile (full or partial prohibition)



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MR AL TAJER

He told council members, "Bitcoins are a virtual currency that is traded in some countries. There are countries that have banned their use and their circulation is not legal in Bahrain. But we cannot prevent Bahrainis from investing in it outside Bahrain. However, we warn against dealing with it."

But, in the absence of official regulations, Bitcoins trade have been booming on Bahraini websites and social media networks. Additionally, an actual shop is set to open soon in Riffa area, as mentioned by an online ad.

So with this new financial fad closely approaching Bahrain, how safe is it to invest in Bitcoins?

Mr Al Tajer clarified that there are no laws in Bahrain that regulate the Bitcoins system, therefore it's not 100 per cent safe.

"In this system, transactions are operated anonymously. But this has its ad-

vantages and disadvantages. It protects users' privacy, but at the same time, it could be utilised to serve some illegal activities. Some users' could be easily victimised by scammers. Most scams are done through Initial Coins Offering (ICO), in which users are offered to buy shares of projects using bitcoins, similarly to actual projects. In such a non-regulated system, if the money is lost, there is no possible way of retrieving it. That's how scammers get away with their cons," Mr Al Tajer said.

With the beginning of this year, more countries have begun to legally recognise bitcoins, including European Union (EU) states, Canada, the US and several African and Asian countries. This also includes Saudi Arabia and the UAE, which allow the trade of Bitcoins following strict regulations that exempt official monetary authorities of bearing any responsibility of users' protection.

According to reports, it's highly anticipated that Bahrain will soon permit the new system by issuing certain official regulations. The speculations appeared as the Kingdom recently announced the adoption of the Blockchain technology to operate some services of the General Directorate of Traffic, a governmental authority. But Mr. Al Tajer underlined that the adoption of the Blockchain system doesn't necessarily pave the way for the approval of Bitcoins in Bahrain, stating that "they're different".

The expert added, "What's being promoted isn't true. The Blockchain system isn't a parallel of the Bitcoins system. Although they follow similar methods, they're not typical. It follows cryptocurrency methods to process transactions. With the recent announcement of the government, it's expected for more similar technologies to be adopted here to complete transactions at official authorities in a secure and quicker manner. But Bitcoins may take a while before they're legally traded in the Kingdom."

Air conditioners, a special blessing for vendors

● The vendors say it has been an excessively hot year and the heat was affecting their business.

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Air conditioners installed inside the Central Market in Manama offer special blessings to vendors as well as consumers alike.

Air conditioners have been a long-time demand from the part of vendors here. And now the cooling system will boost the massive fruit and veggie shopping extravaganza during the Ramadan season, they said.

The shoppers were facing a lot of problems because of the scorching heat in the summer season beneath the Central Market roof.

They said it has been an excessively hot year and the heat was affecting their business and during summer weather with high temperatures and high humidity the fruits get decayed easily.

Meanwhile, the vendors said the outbreak of Nipah virus in the Indian state of Kerala has not affected fruit business in the central market.

"We deal with imports of fruits mainly from Jordan, Lebanon, Syria and



A view of the Central Market, and, right, newly-installed air conditioners



Saudi Arabia." The UAE and Bahraini governments earlier urged their citizens in Kerala and elsewhere in south India to exercise caution following a

deadly Nipah virus outbreak that has killed at least 10 people.

On Twitter, the Bahraini consulate in Mumbai urged citizens "to be

cautious" till the situation is under control", while the UAE consulate in Kerala advised Emirati nationals to take precautions and follow the in-

structions of Indian authorities. It also gave contact numbers for UAE citizens to call in the event of emergencies.