



CBCS WARNS CONSUMERS OF VIRTUAL CURRENCIES

The *Centrale Bank van Curaçao en Sint Maarten* (CBCS) warns consumers to be careful of dealing with virtual currencies. CBCS cautions consumers on a series of risks deriving from buying, holding or trading virtual currencies such as Bitcoins, One Coin or other digital value units, also called cryptographic currencies.

Consumers should be aware that CBCS does not supervise providers of virtual currencies or investments in virtual currencies. CBCS emphasizes that consumers should be aware of the potential risks of buying virtual currencies. The exchange rates are volatile, there is no central issuing supervised institution that consumers can hold liable should the need arise.

Virtual currencies are gaining popularity, but consumers need to keep well in mind the risks associated with holding virtual currencies. In particular, consumers should be aware that providers of virtual currencies are not regulated. Currently, there is no specific regulation in the jurisdiction of Curaçao and Sint Maarten that would protect consumers from financial losses if a platform that exchanges or holds virtual currencies fails or goes out of business.

Since transactions in virtual currencies also provide for a high degree of anonymity, they may be misused for criminal activities, including money laundering. This misuse could lead law enforcement authorities to close exchange platforms at short notice and prevent consumers from accessing or retrieving any funds that the platforms may be holding for them.

About virtual currencies

A virtual currency is digital money, not issued, guaranteed or regulated by a central bank, a credit institution or electronic money institution, and that can be used as an alternative to legal tender¹. Virtual currencies have developed into means of payment accepted ‘offline’ or in ‘real life’. It is now increasingly possible to use virtual currencies as a means to pay for goods and services with retailers, restaurants and entertainment venues. These transactions often do not incur any fees or charges, and there is no bank involved.

Virtual currencies can be bought at exchange trading platforms using legal tender. They are then transferred to a personalized account, known as the ‘digital wallet’. Using this wallet, consumers can send virtual currencies online to anyone else willing to accept them, or convert them back into legal tender (such as the Euro, Pound or Dollar).

¹ *European Central Bank (February 2015). [Virtual Currency Schemes: a further analysis](#) (PDF).p. 5. ISBN 978-92-899-1560-1 (online)*

In view of the risks, CBCS advises consumers to take extra precaution when buying and holding virtual currencies. CBCS re-iterates that Bitcoins, One Coin or any other virtual currencies are not supervised by CBCS and fall out of the scope of our rules and regulations in or from Curaçao and/or Sint Maarten. As a result, consumers are not protected through regulation when using virtual currencies as a means of payment and may be at risk of losing their money.

For more information you may contact CBCS on telephone number +5999 434 5500 or by email info@centralbank.cw.

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CENTRALE BANK VAN CURACAO EN SINT MAARTEN