

Cryptocurrencies: Frequently Asked Questions

Question	Answer
<p>1. What is a cryptocurrency?</p>	<ul style="list-style-type: none"> - A cryptocurrency is a digital or virtual currency that uses cryptography as a security. - One defining feature of cryptocurrencies is the fact that they are not issued by any central authority. Unlike the U.S. dollar, cryptocurrencies are independent of any controlling body. They operate through a decentralised system - a network of independent computers that communicate and transmit cryptocurrency transactions and data to each other. - Prices are based on supply and demand. The rate at which a cryptocurrency can be exchanged for another currency can fluctuate widely.
<p>2. What is the difference between a cryptocurrency and other currencies?</p>	<ul style="list-style-type: none"> - The currencies we use on a day to day basis (called fiat currencies) are governed by central banks. Fiat money is currency that a government has declared to be legal tender, but it is not backed by a physical commodity. The value of fiat money is derived from the relationship between supply and demand rather than the value of the material that the money is manufactured from. - Cryptocurrencies are decentralised and only governed by supply / demand. They are a digital-only asset designed to work as a medium of exchange that uses cryptography to secure transactions, to control the creation of additional units, and to verify the transfer of assets.
<p>3. What is our approach to using our products</p>	<ul style="list-style-type: none"> - Given the unregulated nature of cryptocurrencies, we will not allow the use

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<p>for crypto investment?</p>	<p>of Standard Chartered credit cards for the purchase of cryptocurrencies, effective immediately.</p> <ul style="list-style-type: none"> - We appreciate your understanding and will evaluate our approach as these markets evolve.
<p>4. What is your stance on cryptocurrencies?</p>	<ul style="list-style-type: none"> - Although advances in technology have driven a need for the international financial system to be more efficient, transparent and digital, the lack of regulation and standards around ownership disclosures - coupled with huge price volatility of cryptocurrencies - introduces additional systemic risks. - There have been a number of incidents of fraud involving cryptocurrencies where cryptocurrency exchanges have lost clients' cryptocurrency holdings (e.g. the Mt. Gox cryptoexchange announced that approximately 850K Bitcoins belonging to clients were missing, an amount valued at more than \$450 million at the time). - As cryptocurrencies are not regulated, and there is material fraud risk, Standard Chartered is implementing immediate restrictions of cryptocurrency transactions taking place via its issued credit cards.
<p>5. Does SCB offer cryptocurrency-related products?</p>	<ul style="list-style-type: none"> - We do not offer any cryptocurrency lending or wealth management products or services to fund cryptocurrency purchases. - Staff are not allowed to give cryptocurrency related advice to clients as it does not fall within

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	the Bank's approved product / asset list.
6. Why did SCB restrict crypto transactions on credit cards?	<ul style="list-style-type: none"> - Given our position as a responsible lender, the Bank has decided to restrict cryptocurrency transactions through its credit cards in order to limit our clients' credit exposure to this unregulated asset.
7. Has anyone else banned cryptocurrency transactions on credit cards?	<ul style="list-style-type: none"> - We don't comment on market competitors. - <i>Other banks that have taken actions to block cryptocurrency credit card transactions include JP Morgan Chase, Citigroup, Bank of America and Lloyds Bank.</i>
8. Can I still purchase cryptocurrency using my debit cards?	<ul style="list-style-type: none"> - Clients would still be able to purchase cryptocurrency using their own funds. - The Bank wouldn't encourage clients to purchase cryptocurrency given its high volatility and unregulated nature.
9. When does your restriction become effective?	<ul style="list-style-type: none"> - Restricting cryptocurrency purchases using our credit cards is effective immediately.
10. Does it affect my current holdings in cryptocurrency exchange?	<ul style="list-style-type: none"> - There is no impact to any client holdings that have already been made prior to this announcement. - Clients are requested to ensure they are comfortable with the daily and weekly limits that cryptoexchanges have put in place as that might impact a client's liquidity.
11. Is the restriction only applicable to	<ul style="list-style-type: none"> - The restriction is applicable to domestic and

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<p>cryptoexchanges in my country?</p>	<p>international cryptoexchanges with immediate effect.</p>
<p>12. Would there be any restrictions on transferring funds from cryptoexchanges back to the bank?</p>	<ul style="list-style-type: none"> - There are no restrictions on transferring money from transferring funds from cryptoexchanges back to standard Chartered. - As with any normal deposits into the bank, the usual level of checks would take place to ascertain the source of funds.
<p>13. Does restricting cryptocurrency transactions impact other type of lending i.e. Personal Loans?</p>	<ul style="list-style-type: none"> - Given our position as a responsible lender and the unregulated landscape of cryptocurrencies, we are not in a position to block funds disbursed from a personal loan and used for cryptocurrency purchases. However, we will reject any Personal Loan application where a client self-declares that they intend to use the loan to buy cryptocurrency.
<p>14. What is blockchain and what's your view of it?</p>	<ul style="list-style-type: none"> - Blockchain, otherwise known as Distributed Ledger Technology (DLT), is central to the technology that cryptocurrencies are founded on. - DLT is a decentralised database that keeps continuously updated digital records of who owns what. Rather than having a central administrator like a traditional database, a distributed ledger has a network of replicated databases, synchronised via the internet and visible to anyone within the network. - Blockchain networks can be private with restricted membership - similar to an intranet - or public, like the internet, accessible to any person in the world. - Standard Chartered is one of the leading banks in 'SWIFT GPI' (Global Payments Innovation) and RippleNet (the consortium of banks that are trying

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	<p>to use Ripple tech for payments) where both groups are exploring ways to leverage distributed ledger technology to make international payments via fiat currencies more efficient and more transparent.</p>
<p>15. How does your decision on crypto currencies impact your investment in Ripple?</p>	<ul style="list-style-type: none"> - Standard Chartered made a strategic investment in Ripple in 2016. The Bank invested in the payment solutions that Ripple provides rather than Ripple the cryptocurrency. - The Bank invested in the payment technology that Ripple has developed and has completed successful pilots of that technology.