

UNCTAD World Investment Forum 2018
ISAR Workshop on Digital Currencies and Blockchain:
Implications for Accounting

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Room XXVI

Excellencies,
Distinguished Delegates,
Ladies and gentlemen,

It is my pleasure to welcome you to this workshop. It is part of the 35th session of UNCTAD's Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR). Over the years, ISAR has focused its efforts on emerging issues in the area of international accounting and reporting. It has worked on building consensus and promoting the adoption of best practices with a view to attaining high quality reporting and enhancing transparency.

Blockchain technology and so-called cryptocurrencies have been on the news headlines in recent years. They are already affecting the financial landscape.

Even though Blockchain is widely known for its link to cryptocurrencies, its application as an unchangeable and distributed ledger of transactions, documents, and so on, offers a wide range of opportunities to register and share information of various types. Its application is at an experimental stage, but its implications for the accountancy profession can already be felt. It is important to keep in mind that this would not be the first time that technology modifies the way in which accountants do their work. Moreover, together with these changes and challenges in terms of acquiring new knowledge and expertise, there might be new opportunities to integrate Blockchain into the accounting and auditing processes. Its use might allow accountants to focus less on bookkeeping and more on value added activities. Accordingly, accounting and auditing firms are already evaluating opportunities for new products and services.

Cryptocurrencies are developing at a fast pace and call for an equally fast response in terms of regulation and capacity building. Companies worldwide are increasingly using cryptocurrencies for their operational or investment needs and Initial Coin Offerings (ICOs) are being used for financing purposes. There are about 1500 different cryptocurrencies today but, since its inception in 2009, Bitcoin has expanded exponentially, and is the largest in terms of market capitalisation. Its price has experienced a sharp increase from \$0.053 per coin in January 2010 to around \$7000 per coin in August 2018 with high volatility in between.

The potential of cryptocurrencies to create disruptive change in the financial sector has caught the attention of financial and tax regulators in various nations. Countries such as Canada, Japan, and Lithuania among others have started publishing frameworks or have decided to add to their agenda a standard setting activity on this subject. However, the financial treatment is not harmonised and debates around their classification, measurement and disclosure are arising in different jurisdictions. Therefore, the International Accounting Standard Board (IASB) has started the examination of issues related to cryptocurrencies including its holding, initial coin offerings and mining activities. It is considering the way forward.

It is undeniable that Blockchain technology and cryptocurrencies are a reality today and are having a huge impact on the accountancy profession. Therefore, we hope that deliberations today will help to shed some light on the effects, challenges and opportunities posed by these new digital developments.

The UNCTAD secretariat stands ready to provide you the necessary assistance in conducting your discussions today.

I wish you a very productive workshop. Thank you.