$1.3BN FINANCING FROM CHINA'S ICBC EXPECTED

ISLAMABAD: Finance Minister Ishaq Dar has stated that the budget deficit is manageable but the external account deficit needs to be managed; otherwise, the country will be "blackmailed". Addressing a press conference on Friday in response to the ongoing debate in the mainstream and social media, the finance minister said that "we have been spending more than what the country could afford and consequently, the country is facing the foreign exchange problem." He said that he would not resign and no one should dictate him through talk shows as he is trying to fulfil the responsibility assigned to him by the Pakistan Democratic Movement (PDM).

The finance minister came down hard on the former prime minister Imran Khan and accused him of the current economic situation and stated that he should refrain from talking that the country is about to default, "neither the country is bankrupt nor will it be". He said that neither there is a need for a financial emergency nor any plan is under consideration. He; however, agreed to the formation of a commission of independent experts to determine who is responsible for the current economic situation. He said that prior actions of the IMF have been fulfilled. He; however, did not respond to the question as to how much debt was increased, following the depreciation of the rupee during the present government's tenure, and what had stopped them from undoing electricity and petrol prices by Rs5 per unit and petrol Rs10 per litre, respectively, after coming to power in April 2022, which were announced by the previous government by end of February 2022.

The finance minister also did not respond to why the PDM did not reverse the PTI government's decision to reduce the petrol and electricity prices, especially since they had termed the PTI government's move a "political gimmick" and a financially unviable "deviation" from the terms and conditions agreed with the IMF. Dar said that the former prime minister's attitude is "very selfish" about national issues and has always been stating the country is about to default. The finance minister said that there are no two opinions that the country is passing through a difficult economic situation but it will not default. He said that the external situation was further compounded by the floods as the government has to import pulses, wheat, and fertiliser for which a few billion dollars have been spent. He said that the fiscal deficit was left at 7.9 per cent, the current account deficit at 4.6 percent of the GDP, and the trade deficit was $39 billion.

Likewise, he said that average GDP growth was 3.7 percent and during their period, the GDP growth was $26 billion comparable to $112 billion during the PML-N tenure of five years. He said that the per capita income was increased just by $30 during the four years of the PTI government, adding that inflation in the country was due to the global increase in commodity prices and inflation during July-February 26.2 percent and core inflation is 19 percent. The government to protect the low-income group has increased the BISP allocation to Rs40 billion. He added that at present, the SBP has foreign exchange reserves of $3.2 billion while commercial banks have foreign exchange reserves of $ 5.44 billion. He said that foreign exchange reserves would increase further. He said that China has shown friendship. He acknowledged that exports during the previous tenure of the PML-N were stagnant and stated of course there has been a decrease in imports and exports during the current PDM tenure.

The finance minister said that the present government have made foreign payments of about $6.5 billion, of which, $2 billion to Chinese banks and $3.5 billion to the UAE and Swiss banks. He said that all the formalities with the Industrial and Commercial Bank of China (ICBC) have been completed as of Thursday night and $1.3 billion repaid to them are now being rolled over to Pakistan. Dar said that the circular debt was increased by the previous government to Rs1,465 billion from Rs1,148 billion during the last four years and gas circular debt has been increased to Rs1,700 billion. Dr said that Imran-led government has increased the total public debt and liabilities Rs30 trillion to Rs54 trillion and government debt from Rs25 trillion to Rs49 trillion till June 2022.

In reply to a question about the devaluation of the rupee and the increase in the interest rate, Dar questioned who had separated the monetary policy by making changes in the law, as well as, created a new system by making changes in the institutions. The minister said that the Ministry of Finance is responsible for the fiscal side and supplementary budget not because of taxes, but due to energy sector debt.

The finance minister also showed displeasure over his predecessor finance minister Miftah Ismail for making a statement on television about economic policy, and stated that there is an economic policy and a road map with the present government but it cannot be advertised in the newspaper. The finance minister said that he would steer the country out of the economic quagmire soon and expressed the hope that the SBP reserves would increase to $10 billion and national reserves to $16 billion by June 30, 2023. He said that where wheat and fertilizer used to be smuggled out of the country, now dollars are being smuggled and he is mulling over a policy to deal with it. He said that the budget deficit is manageable but the external account has to be managed; otherwise, the country would be "blackmailed". He said that the country has been spending, which it could not afford. He said that those who had brought Imran Khan to power and later stated that if he remained in power the country's survival would have been at stake. Dar said that the financing gap, he believes is $5-6 billion instead of $7-8 billion.

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$2BN BEING SMUGGLED ANNUALLY IN SECURITY VANS: MINISTER

ISLAMABAD: Finance Minister Ishaq Dar said on Friday that up to $2 billion was being smuggled from south to north on an annual basis through security vans. Addressing a news conference here on Friday, he said that every year, security vans, carrying $2 billion in cash, move from south to north, and those dollars were being smuggled out. He said that the wheat and fertilisers were smuggled out, but now the dollar was also being smuggled to the tune of $2 billion annually. He said that they were discussing how to check and stop it.

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MOODY'S DOWNGRADES LONG-TERM DEPOSIT RATINGS OF FIVE BANKS

ISLAMABAD: Moody's Investors Service (Moody's) has downgraded to Caa3 from Caa1 the long-term deposit ratings of five Pakistani banks including Allied Bank Limited (ABL), Habib Bank Ltd (HBL), MCB Bank Limited (MCB), National Bank of Pakistan (NBP), and United Bank Ltd. (UBL).

Moody's has also downgraded the five banks' long-term foreign currency Counterparty Risk Ratings (CRRs) to Caa3 from Caa1. As part of the same rating action, Moody's lowered the five banks' Baseline Credit Assessments (BCAs) to caa3 from caa1, and as a result also downgraded their local currency long-term CRRs to Caa2 from B3 and their long-term Counterparty Risk Assessments to Caa2(cr) from B3(cr). The outlook on all banks' long-term bank deposit ratings has been changed to stable from negative.

The rating actions follow Moody's decision to downgrade the government of Pakistan's issuer and senior unsecured debt ratings to Caa3 from Caa1, to reflect its assessment that Pakistan's increasingly fragile liquidity and external position significantly raises default risks.

Moody's downgrade of the long-term ratings of the five Pakistani banks reflects (1) the weakening operating environment, as captured by Moody's lowering of its Macro Profile for Pakistan to "Very Weak" from "Very Weak+"; and (2) the high inter-linkages between the sovereign's weakened creditworthiness – as indicated by the downgrade of the sovereign rating to Caa3 from Caa1 – and the banks' balance sheets, given the banks' significant holdings of sovereign debt securities.

The deterioration in Pakistan's operating environment reflects both the rising government liquidity and external vulnerability risks, with foreign exchange reserves declining to critically low levels, as well as the high costs of living with headline inflation likely to rise further as energy prices increase in tandem with the removal of energy subsidies.

According to Moody's, the combination of these factors together with the high-interest rates will dampen consumer confidence and compromise borrowers' repayment capacity. In turn, these factors will pressure banks' earnings, asset quality and capital metrics, and also potentially jeopardise financial stability. These pressures have led to the lowering of the country's Macro Profile to Very Weak from Very Weak+.

According to Moody's, the banks' high sovereign exposure, mainly in the form of government debt securities that range between 36 percent-61 percent of their total assets, also links their credit profile to that of the government. In view of the correlation between sovereign and bank credit risk, these banks' standalone credit profiles and ratings are effectively constrained by the Caa3 rating of the government. The stable outlooks assigned to all the banks' long-term deposit ratings are in line with the stable outlook on Government of Pakistan. The stable outlook further reflects banks' stable local currency funding and liquidity and resilient earnings-generating capacity that partly mitigate macro- and sovereign-driven risks.

The ratings could be upgraded following a material strengthening of the operating environment and in the government's credit profile, and provided that the banks maintain their resilient financial performance.

Pakistani banks' ratings could be downgraded if the sovereign rating is downgraded, given the banks' sizeable holdings of sovereign debt securities. Downward pressure on the BCAs of individual banks could also develop from deterioration in banks' financial metrics, in particular their asset quality, profitability, and capital adequacy, it added.

PL: GOVT PROJECTS RS175BN REVENUE SHORTFALL- THE GOVERNMENT EXPECTED TO RAISE RATE OF PL ON HIGH-SPEED DIESEL BY RS 5 TO RS 50 PER LITRE

ISLAMABAD: Federal government has projected a revenue shortfall of Rs 175 billion in petroleum levy (PL) on petroleum products against the budgeted target of Rs 750 billion reportedly revised upward to Rs 855 billion in current fiscal year 2022-23, informed sources in Petroleum Division told *Business Recorder*.

The government will raise rate of PL on high speed diesel (HSD) by Rs 5 to Rs 50 per litre with effect from March 16, 2023 to reach its projection of Rs 680 billion, the sources maintained. The projection of Rs 680 billion calculated on local fuel consumption, exchange rate adjustment and collection of PL in the first six months (July-December) 2022-23 stood at only Rs 177.805 billion (20 percent of targeted Rs 855 billion collection). At present, PL on HSD is Rs 45 per litre andRs50 PL per litre on petrol since November last year as these two petroleum products are major sources of PL collection. The government is anticipating collection of Rs 503 billion in second half (January-June) of current fiscal year or Rs 83 billion per month.

The government is allowing Pakistan State Oil (PSO) Rs 27.83 per litre exchange adjustment on HSD and Rs 15.75 from March 1-15 but is not passing on the full impact of rupee loss against the US dollar which resulted in rising PSO receivables to the tune of Rs 48 billion. The oil industry claimed that it has faced a huge loss of Rs35.88 billion in the wake of artificial control of the government over petroleum product prices out of which currency exchange loss is estimated at Rs32.6 billion for the second fortnight of February 2023 owing to the artificial adjustment of oil prices.

Imports of the overall petroleum group declined by 9.27 percent during the first seven months of the current fiscal year (2022-23) as compared to the corresponding period of last year, the Pakistan Bureau of Statistics (PBS) reported. The total imports of the petroleum group during July-January (2022-23) stood at $10.6 billion, against imports of $11.69 billion during the same period last year, according to PBS data.

PROMOTING ISLAMIC FINANCIAL MARKETS: SECP ISSUES ‘SHARIAH GOVERNANCE REGULATIONS, 2023’

ISLAMABAD: The Securities and Exchange Commission of Pakistan (SECP) Friday issued Shariah Governance Regulations, 2023 to promote Islamic financial markets in Pakistan.

The SECP has issued the regulations primarily to remove bottlenecks in product development and simplify the Shariah screening criteria and stock screening process. The draft regulations, which have been made available for public comment, aim to strengthen the framework for Shariah-compliant businesses, Shariah-compliant securities, and Shariah advisors.

The proposed regulations provide for a complete process for the construction of an Islamic index at the stock exchange and introduce the concept of Shariah supervisory boards. In addition, the Shariah Governance Regulations, 2018, and the Shariah Advisors Regulations, 2017 have been integrated to remove overlapping provisions and requirements.

The proposed regulations are framed in a simple manner to provide greater clarity and simplicity to Shariah-compliant companies, Shariah-compliant securities issuers, stock screening participants, Shariah advisors, and other connected parties. By promoting Shariah-compliant financial products, the proposed regulations will contribute to the constitutional goal of eliminating Riba and Islamizing the economy.

SECP also intends to organise stakeholder consultation sessions in Karachi and Lahore in collaboration with the Pakistan Stock Exchange, the Federation of Pakistan Chambers of Commerce and Industry, and other stakeholders. During consultative sessions with stakeholders, SECP has received several observations and suggestions for removing bottlenecks and making the Shariah Advisors Regulations, 2017 (SAR) and Shariah Governance Regulations, 2018 (SGR) more progressive. Some of the important concerns highlighted are, limiting the scope of Section 451(2) of the Act, practical difficulties in implementing prescribed Shariah screening criteria, transparency issues in the stock screening process, absence of concept of a Shariah supervisory board, and some overlapping provisions in the SAR and SGR.

Accordingly, after reviewing SAR and SGR and seeking feedback from key stakeholders, the SECP considered integrating the two existing sets of regulations, namely SAR and SGR, into a single new set of proposed Shariah Governance Regulations, 2023 (the “proposed regulations”). Additionally, it is suggested that SAR and SGR be repealed with due protection of actions taken thereunder.

The proposed regulations, in addition to addressing the above-listed issue, are framed in a simple manner and are therefore expected to create the required enabling regulatory environment for Shariah compliant companies (SCCs) and Shariah compliant securities (SCSs). Further, the proposed regulations, apart from bringing more clarity, will have a minimal impact on SCCs, issuers of SCSs, persons involved in the stock screening process, Shariah Advisors (SA), and other connected persons. Furthermore, the proposed regulations will bring further clarity and facilitate ease of doing business for growth and development in the Islamic capital market. It is expected that proposed regulations will further help in achieving the constitutional objective of eradication of Riba and Islamization of the economy by promoting SCCs and SCSs, SECP added.

SBP EXPEDITES PROCEEDINGS AGAINST EXPORTERS FOR REALISATION OF E-FORMS

LAHORE: The State Bank of Pakistan (SBP) has expedited proceedings against exporters for realization of E-forms by forcing them for an early performance of the same, causing worries among the later ones, said sources.

In most of the notices, it has been pointed out that the exporters had given undertaking in E-forms that they would repatriate the full amount of proceeds through banks within six months from the date of shipment/export. Since they have failed to repatriate the full amount of sale proceed within the prescribed period and contravened the provisions of Foreign Exchange Regulation Act, 1974, by delaying the same. It may be noted that the federal government is authorised to prohibit export of goods unless a declaration is furnished for repatriation of sale proceed within the prescribed period except where sale is delayed or payment for the goods is made otherwise then in the prescribed manner.

According to the sources in the export community, they are receiving notices from the SBP to explain their position in respect of the contravention of law. It is worth noting that the SBP also ensures undertaking regarding a full explanation as to the circumstances resulting in non-realization. In the event of short-realization, the exporters are also bound to furnish a fully documented account sale certificate by the chamber of commerce of the country of import.

The SBP is authorised to impose penalty not exceeding five times the amount or value involved or five thousand rupees that may extend to Rs 2,000, calculated at the prevailing rate of exchange, for every day during which the contravention or default continues. Some exporters exporting indigenous goods to Iran via land route have informed that they were facing problem in realization of sale proceed because the Iranian buyers were issuing cheques of cash payments which are dishonoured on presentation to the local banks in Iran.

According to them, it has been provided in the foreign exchange manual that legal proceedings for recovery of export proceeds in case of default by a foreign buyer will be carried out in consultation with the SBP Banking Service Corporation, but no such legal assistance is provided with by the Corporation and the exporters are supposed to handle the issue alone.

CCP, PTA INK MOU ON COLLABORATION IN ICT

ISLAMABAD: The Competition Commission of Pakistan (CCP) and Pakistan Telecommunication Authority (PTA) Friday signed a Memorandum of Understanding (MoU) to collaborate and assist each other in investigations and enforcement actions in the field of Information and Communication Technology (ICT). The signing ceremony was held at the CCP Headquarters in Islamabad. Chairperson CCP, Ms. Rahat Kaunain Hassan, Member Finance PTA, Muhammad Naveed, and senior officers from both organizations were in attendance.

The collaboration between PTA and CCP will have a significant impact at the national level, particularly in areas where common interests exist, such as promoting competitive commercial and economic activity in the market. The areas of collaboration include establishing a coordination mechanism to enable smooth working relations, facilitating the transition of society towards digitalization, promoting the adoption of new ICT technologies, and utilizing ICTs as a contributor and enabler to achieve respective SDG targets. Ultimately, this will contribute towards the realization of a Digital Society, which aligns with the Government of Pakistan's "Vision 2025."

In addition to capacity building on the experience and knowledge available to both organizations, the MoU also includes conducting sessions, discussion forums, and training on relevant issues and technological advancements.

CCP Chairperson said that there is an urgent requirement for regulators to collaborate in response to the economic crisis that Pakistan is facing. She stressed the significance of implementing effective policies and regulatory frameworks that can attract investment, facilitate growth, and promote competition in the market.

Additionally, she emphasized the importance of protecting consumers from anti-competitive practices. She urged for innovative and unconventional solutions in creating an enabling environment under the current economic challenges. In accordance with the Memorandum of Understanding (MoU) signed between CCP and PTA, both agencies will work together within their respective mandates to achieve a greater impact. Specifically, in the field of Information and Communication Technology (ICT), CCP and PTA will collaborate and assist each other in investigations and enforcement actions to ensure that all companies have a level playing field to grow and thrive.

PPRA FOR EXEMPTING PROCUREMENT OF TWO SECOND–HAND VESSELS FROM RULES

ISLAMABAD: The Public Procurement Regulatory Authority (PPRA) has recommended the Federal Government to exempt procurement of two second–hand vessels by Pakistan National Shipping Corporation (PNSC) from applicability of public procurement rules section 21 of PPRA Ordinance, 2002, well informed sources told *Business Recorder*. The Board, which granted approval to PNSC proposal, has also decided that the PNSC shall forward a case through its line Ministry for insertion of a new rule defining mechanism for carrying out procurement of second-hand used vessels in future. The PNSC, in a letter of February 02, 2023 sought permission of the Authority for the procurement of second-hand vessels, crafts, ships, and associated equipment/ machinery through negotiated tendering under Rule 42(d)xii) of PP Rules, 2004.

The Chairman (PNSC) apprised the Board that PNSC has been providing sea transportation for imported crude oil by utilizing its fleet of second-hand used vessels which were procured from time to time. He further highlighted that the profits generated over the last two decades are testament to the fact that these used vessels brought value for money to the Corporation. One Board Member highlighted that the shipping industry has different market dynamics as compared to the aviation industry as general life span of a commercial ship is much more than that of a commercial aircraft.

PPRA Management highlighted that one of the principle of procurement enshrined under Rule 4 is value of money which inter-alia requires the features of reliability, after sales service and upgradability in the object of procurement and the same could not be justified in the procurement of second-hand goods due to the rapid pace of technology advancement. One of the Board Members opined that there should be provision in public Procurement Rules, 2004 for procurement of second-hand object or class of objects such as ships and aircrafts etc. He further proposed that PNSC may approach PPRA through its line Ministry for introduction of a separate rule regarding procurement mechanism of second-hand used vessels. As such, the Board Members resolved that till finalization of the public procurement rule containing mechanism for procurement of second-hand used vessels, PNSC may be allowed exemption to procure two second-hand vessels to immediately replenish their ageing fleet.

PPRA Management, in its comments opposed the proposal, saying that it could not be justified in terms of the value for money. On February 2, the PNSC apprised that since 2002, they are providing sea transportation for crude oil being imported into Pakistan from the Arabian Gulf and therefore hold strategic importance in terms of Pakistan's national and energy security.

In order to cater to the said requirements, PNSC has been purchasing second-hand vessels due to low initial investment involved if compared with the price of new vessels and immediate return of investment as second-hand vessels could be put on service immediately upon procurement whereas new ship construction takes about two to three years. These procurements are carried out in accordance with SOPs devised by the PNSC which include publishing broad parameters of the ship in the print and electronic media for inviting offers from the owners through Baltic Exchange enlisted brokers. The PNSC highlighted that its procurement process is transparent and such second-hand vessels bring value for money which can be ascertained from the profits generated by the Corporation during the last two decades. PNSC has forecast regular induction/replacement of three to four ships annually to replace its ageing fleet and to meet the country's economic and national interest. According to PPRA, Rule 42(d) (ii) is an alternate method of procurement whereby a procuring agency may engage in negotiated tendering due to technical or artistic reasons or the reasons connected with protection of exclusive rights or intellectual property.

The proposed procurement of vessels neither involve technical solutions which are non-obvious for others nor patentable inventions having unique technical solution(s) for the shipping industry. Therefore, the said Rule is not applicable in the proposed procurement.

The PPRA further argues that shipping is one of the sensitive industries which requires periodic assessment and ageing management of the fleet. Regarding procurement of used vessels and equipment/machinery, the PNSC should consider that quality is priority and safety is the overriding priority as per provisions of the International Maritime Organisation (IMO). Each ship has its own maintenance manual having well defined maintenance schedule incorporating the provisions of proactive and preventive maintenance. Therefore, before purchasing such used ships, there is a need to explore their maintenance history.

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SHC ISSUES NOTICES IN SECP COMMISSIONER'S REAPPOINTMENT CASE

KARACHI: The Sindh High Court (SHC) Friday issued notices to parties in a case pertaining to the possible reappointment of Sadia Khan as the Securities and Exchange Commission of Pakistan (SECP) commissioner. The court issued notices to the federal secretary for finance, the chairman of the National Accountability Bureau, the Ministry of Foreign Affairs, and others, on a miscellaneous plea filed by legal activist Javed Iqbal Burqi.

The court has sought replies from the concerned parties by March 13 on the plea that the legal activist filed against Khan through his counsel Mohammad Vawda.

In the petition, Burqi urged the court to ensure that Khan isn't reappointed as the SECP's commissioner during the hearing of the case as "she stands disqualified, and is not eligible for reappointment, under Section 18 of the Securities and Exchange Commission of Pakistan Act, 1997". His plea mentioned that Khan was appointed on March 5, 2020, for three years — which expires soon. Burqi said that the commissioner had admitted that she was holding the position of Honorary Consulate General of Finland and was only de-notified from the post on September 21, 2020, — after a period of over six months from her date of appointment as commissioner. "Hence, it is an admitted position that from 5th March, 2020 till 21st September, 2020 [Khan] was holding the position of both, Commissioner, SECP, and the Honorary Consulate General of Finland concurrently." Burqi claimed that as Khan held both positions, there was a conflict of interest as several Finnish companies operating in Pakistan were being regulated by the SECP.

"Furthermore, there are also various companies which sell products manufactured by Finland, companies that trade with Finnish companies, and companies that import to and export from Finland. Nokia, SSM, Wärtsilä, Stora-Enso, and Vaisala are just a few examples of Finnish companies operating in Pakistan." "Therefore, [Khan] has had a clear conflict of interest as per Section 16 of the Securities and Exchange Commission of Pakistan Act, 1997 and stands disqualified and is ineligible for reappointment under Section 18 of the SECP Act."

SWISS CRYPTO VALLEY EYES 'MAJOR RESET' AFTER FTX DEBACLE

Zurich: Crypto Valley, Switzerland´s answer to Silicon Valley for all things blockchain, is hoping for a "major reset" after the spectacular and sudden downfall of the high-profile crypto exchange FTX. Switzerland has seen an influx of cryptocurrency and blockchain start-ups in recent years, drawn by advantageous tax rates and rules along with a welcoming political and legal infrastructure.

Well over 1,000 such companies have set up shop in the wealthy Alpine country, most of them south of Zurich in the canton of Zug, which even accepts tax payments in Bitcoin and Ether. But the dramatic bankruptcy last November of FTX, once the world´s most prominent crypto exchange, followed by that of crypto lender Genesis, put a damper on the frenzied enthusiasm that long characterised the sector. "A lot of things happened in 2022," Dirk Klee, head of Bitcoin Suisse, told AFP.

In addition to the FTX debacle, he pointed to the crash last May of so-called stablecoin Terra/Luna, which was supposed to be pegged to the US dollar; the liquidation of the Singapore-based cryptocurrency hedge fund Three Arrows Capital; and the collapse of cryptocurrency investment platform Celsius.

"These developments have exposed weaknesses of some institutions (that) are not following the regulatory processes yet," Klee said, but he emphasised it was still a "young sector". "What happened was not due to a fault in the technology, but due to poor managerial handling of centralised financial institutions," he said.

Around $450 billion evaporated in the market turmoil that followed the Terra/Luna crash, while another $200 billion disappeared after FTX went belly-up, according to the Bank for International Settlements.

The downfall of FTX´s co-founder and wunderkind Sam Bankman-Fried "was very bad incident for our space," said Mathias Ruch, founder and chief of CV VC, a venture capital fund focused on blockchain start-ups. "This will set us back by at least one or two years," he predicted.

Last year, 1,135 cryptocurrency and blockchain companies were based in Switzerland and Liechtenstein, up 0.6 percent from 2021, according to a CV VC survey. But at the same time, the number of so-called unicorns -- young companies valued at over $1 billion -- dropped to just nine in 2022 from 14 a year earlier, while employment in the sector shrank by four percent to under 6,000 jobs.

As the crypto winter sets in, most concerns centre around financing. While the large Taurus crypto platform managed last month to raise funds from large banks including Credit Suisse and Deutsche Bank, smaller start-ups could have a harder time getting "through this difficult period", warned Jerome Bailly, Vice President of the Crypto Valley Association. Both Bailly and Ruch compared the upheaval in the sector with the bursting of the dot-com bubble in 2000.

"I think it´s a very similar phase to the internet bubble," Ruch said. "People got greedy, neglected due diligence, and it´s the small investors... that got hurt." "History is repeating itself."

But this might not be a bad thing for the sector, he suggested, pointing out that tech giants like Google and Amazon had emerged from the dot-com ashes. "I think the opportunities are huge," he said.

Emi Lorincz, chairwoman of the Crypto Valley Association, agreed. "I believe that we will see a major reset in the industry," she told AFP.

The sector is bracing for tighter regulation in the aftermath of the implosions, with the Swiss authorities already starting to harden their tone. Darko Stefanoski, a partner at the auditing and consulting firm EY, said Switzerland was "on the right track", with its financial watchdog Finma already setting out rules for the sector.

"This gives security to the companies, to the market and to the customers, because the rules are clear," he said. Since crypto is by definition a cross-border business, more regulation elsewhere would "also be good for the Crypto Valley", he added.

In the meantime, Reda Aboutika, an analyst with X-Trade Brokers, said "a glacial wind" was wafting through the entire industry. But "it may be the necessary evil needed to clean up the sector".

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