

Opinion & Analysis

Georgia – a cryptocurrency hub that the world is yet to discover

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2891 cases of Covid-19 reported in Georgia over the weekend, experts are talking about positive changes

The number of deaths has significantly reduced.

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NBG President Koba Gvenetadze talks about capital buffers for commercial banks

Koba Gvenetadze talked about easing capital buffers in the future.



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Nika Melia to become the new head of the United National Movement party

By VERONIKA MALINBOYM

The UNM is up for a second reshuffle as Nika Melia is expected to become the new chair of the party according to the latest opposition party polls. Out of 20,779 votes, Melia received 13,491 votes (64.9%), while his main competitor, Levan Varshalomidze gained 7,288 votes, 35.1%. The poll was launched on December 21, after the former head of the party Grigol Vashadze announced he was leaving the UNM. Vashadze claimed that the reason behind his decision was the presence of the "odious figures" in the party, as well as the continuous attacks on the dip corps, and many other controversies. In his Facebook post, Vashadze also claimed that he believes he has done his best for the party, ever since he has become the party's head in January 2017, however, he strongly disagrees with the recent tactics that the UNM leaders are choosing without consulting with other party members.

Nika Melia is an opposition MP, who has been a member of the Georgian Parliament from November 2016 to December 2019 and was running for the Tbilisi mayor position in 2014. Melia has also acted as the governor of the Mtatsminda district since 2010. In 2019, Melia was stripped of the MP immunity on charges of inciting and arranging public unrest and violence. While on bail for the previous charges, Melia was also involved in a high profile Cartu Bank case, in which Tbilisi City Court found Melia guilty of the abuse of authority and

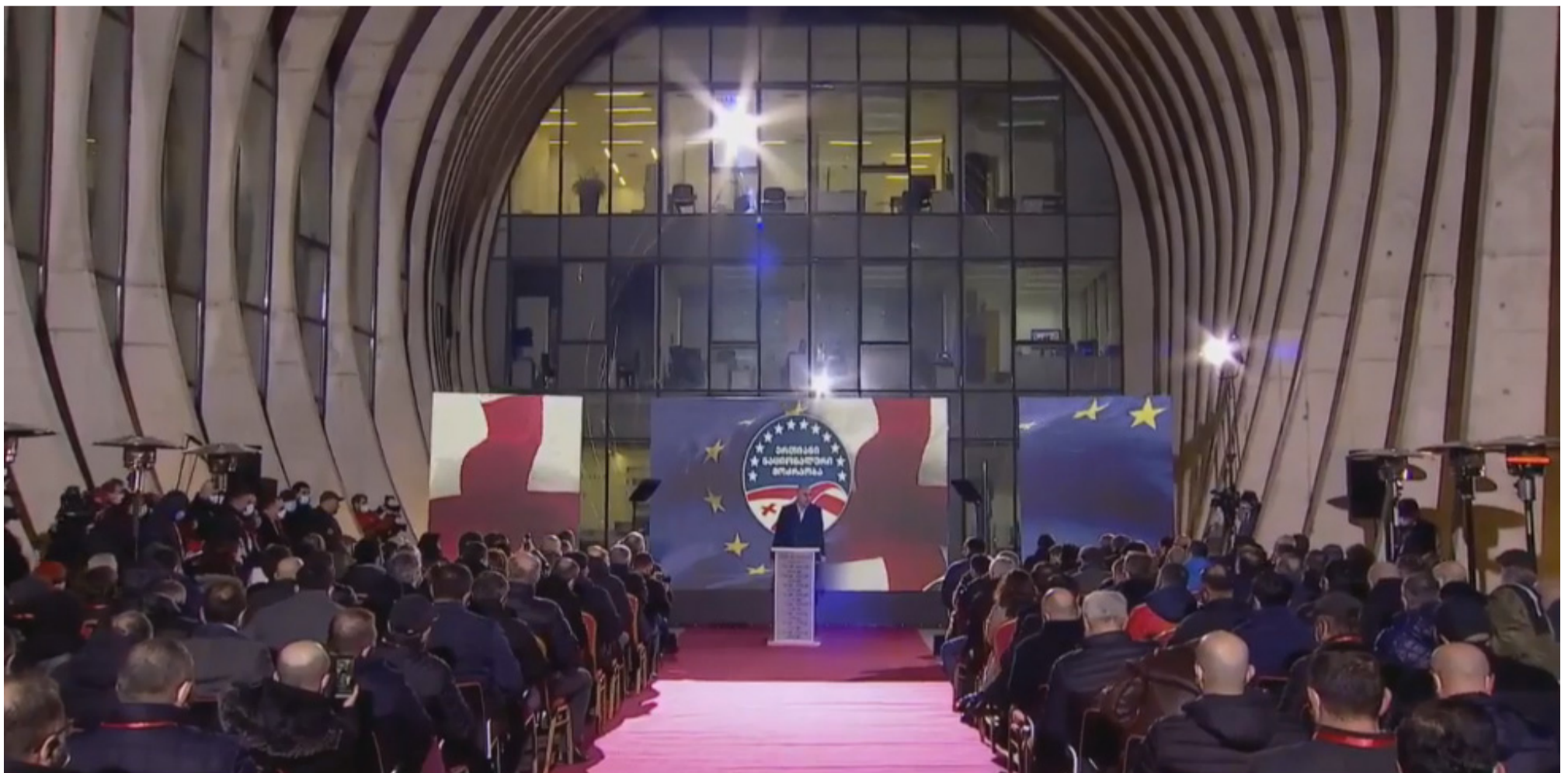


Nika Melia

banned him from undertaking public office for two years and three months, as well as a fine of ₾ 25,000.

Varshalomidze, who competed with Melia for the party chairmanship, con-

gratulated him on the victory. In turn, Melia has welcomed the 'innovative' form of electing the party leadership, which was both 'inclusive and transparent' (since only the verified users were able to vote).



BY VERONIKA MALINBOYM

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Earlier this week, the police uncovered a large amount of electricity theft from the auxiliary space of hotel Banguriani in the region of Svaneti, central Mestia. The theft is linked back to cryptocurrency machines that are consuming large amounts of electricity, which were valued at volumes similar to those of the 4-5 villages. But when did the remote regions of Georgia become the heart of cryptocurrency mining, and what makes this country a favorable destination for the crypto industry?

When most foreigners think about Georgia, cryptocurrency is hardly the first thing that comes to mind. Instead, people tend to think about cultural heritage, unique customs, traditions, cuisine, and winery. However, in 2017, this country with approximately 4 million citizens found itself ranking second in the world in terms of cryptocurrency mining – behind only China.

As the cryptocurrency craze continues its victorious march across the world and due to the country's cheap hydropower and low regulation of electricity consumption, Georgia continues to attract large crypto mining cor-



porations that base many of their centers across its territory. The catch for tech companies, such as the US Bitfury is obvious, but what is in it for Georgia and its citizens?

It is not clear whether the

Georgian authorities wish to embrace this technological advancement or are frightened by it. Georgians still cannot use crypto to pay for goods and services or exchange it for the 'real', fiat currency, the transactions

made with it are not subject to the value-added tax (VAT) – and this rule implies to both the companies and the individuals that choose to trade cryptocurrency. Of course, this does not mean that the companies that mine

crypto do not have to pay VAT altogether, but the costs of operating in the country are still significantly lower for them, as opposed to elsewhere in the world. Moreover, it seems like Georgia is not only opposed to the 'new trend' of the large techs outsourcing their operations but encourages it. The World Bank recommended that the country explores this tech market further to increase the quality of fintech services.

However, as the younger population of Georgia is welcoming the cryptocurrency's entrance to the country, not everyone shares their enthusiasm. Some experts believe that crypto mining is doing close to nil for the country's economic development as this sector is not creating any jobs, and the profits leave the country to go to the larger, Western markets. Moreover, the electricity consumption that the industry requires puts a certain strain on Georgia's energy sector.

It is not yet clear whether the Georgian authorities will be able to use the crypto's sudden appearance to everyone's advantage. Perhaps, one way to do that is to invest in domestic fintech, as well as scientific and technological entrepreneurship.

2891 cases of Covid-19 reported in Georgia over the weekend, experts are talking about positive changes



BY NIKA GAMTSEMLIDZE

Over the weekend, a total of 2891 cases were reported in Georgia. Experts say that one of the main reasons for decreasing the number of cases is the restrictions.

According to the official data from December 26, in 24 hours, a total of 14,421 new tests were taken. Out of these, 7170 were on antigen, and the remaining 7251 were regular PCR tests. Only 1784 were tested positive. On Saturday, 39 people have died because of the complications caused by Covid-19 whereas on Saturday, 4119 people have recovered

As for Sunday, on December 27, 1097 new cases of coronavirus were reported in

Georgia. Also, 3208 have recovered, and 25 have died.

As of today, since the beginning of the pandemic, a total of 221,605 cases have been reported in the country. Out of these, 203,547 people have recovered, and 2377 have died. Most of the cases are still reported in Tbilisi.

The deputy director of the Disease Control Center, Paata Imnadze, commented on the progress:

"The restrictions had an outcome; the situation is stabilizing. From 5000 cases a day, we are down to less than 2,000 cases a day. We have been having a positive statistic for the last few days. Only

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Weather

Monday, December 28

Day ☀️ Clear
High: 11°C
Night 🌧️ Partly Cloudy
Low: 1°C

Tuesday, December 29

Day 🌧️ Partly Cloudy
High: 10°C
Night 🌑 Clear
Low: 0°C

The deputy director of the Disease Control Center, Paata Imnadze said the situation in the country is getting better.

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NBG President Koba Gvenetadze talks about capital buffers for commercial banks

By Nika Gantsemlidze

Capital buffers may be eased for commercial banks operating in Georgia, National Bank President Koba Gvenetadze said at a parliamentary hearing, stating that the decision will depend on the macroeconomic situation in the country.

The President of NBG also talked about the spring, when the National Bank cut the capital buffers to increase the liquidity for commercial banks.

The President of the NBG said that the country was well-prepared for the pandemic thanks to the steps taken before. He states that before the pandemic, the level of liquidity for banks was in very good shape. He added that this is the reason why the banks managed to maintain adequate levels of liquidity, even though there was a financial crisis around the world. Gvenetadze added that the NBG has direct contact with the commercial banks to make sure that the National Bank is well-informed about the overall financial situation.

In early 2020, commercial banks eased their capital requirements by abolishing the capital conservation buffer (2.5% of risk-weighted assets) and the Pillar 2 buffer portion (2/3 of non-hedged credit risk buffer).

The decisions that were made by the NBG have released as much as 1.6 billion GEL to the banking sector. The sum was used by the commercial banks to create some type of reserve for future losses. During the crisis, banks will use the funds to finance the overlooked debts.



During spring, National Bank cut the capital buffers to increase the liquidity for commercial banks.



The President of the NBG said that the country was well-prepared for the pandemic.

The National Bank of Georgia has restricted the banks' ability to use the released financial resources. In particular, they cannot use the 1.6 billion GEL for dividends, redemption of shares, or increase the management bonuses.

Gvenetadze claims that the National Bank has enough reserves, which it will use purposefully to minimize the impact of the GEL's depreciation on the population. "We are very careful about the intervention of each dollar. It is important that we use it as effectively as possible," stated Gvenetadze.

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Dr. Levan Ratiani said lifting the restrictions might increase the number of new cases in the coming weeks.

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about 13-14% of all tests taken are positive. However, a lot depends on the next few days and the attitude of people, we should make sure to follow restrictions that are in place during the holiday season," said Imnadze.

On the other hand, the director of the First University Clinic, Levan Ratiani, says that lifting the restrictions before the New Year season will increase the number of infected people again in the following few weeks. Ratiani

said that although the restrictions show a positive outcome, the past few days have proved that many people are not willing to follow the restrictions in place, adding it might cause increasing numbers of daily new cases in the next two weeks.

The total number of confirmed cases in the country since the start of the pandemic is more than 221,000. The number of people recovered is 203,547, while 2377 people have died from the complications of the coronavirus.