

Cracks showing in crypto empire

Luno has announced that it will reduce its overall Luno team by 35%, impacting 330 employees in all of the company's regions.



Source: Supplied. Marcus Swanepoel, chief executive officer and co-founder of Luno.

The number of SA jobs facing the axe is not yet known.

This follows news that the group that owns Luno, DCG, is facing financial difficulty with subsidiary firm, Genesis, filing for bankruptcy this month.

Marcus Swanepoel, chief executive officer and co-founder of Luno says 2022 has been an incredibly tough year for the broader tech industry and in particular the crypto market, and that Luno hasn't been immune to this turbulence, which has affected its overall growth and revenue numbers.

"Over the past few months a number of unforeseen and very extreme events have impacted our industry. This includes a global economic downturn coupled with an even bigger downturn in the tech sector overall. And on top of that, not just an 'ordinary' crypto winter, but a series of shocks including Luna, Three Arrows and FTX that have had an overall compounding effect on our industry.

An impact on capital

"This in turn has impacted us indirectly in a number of ways: on the capital side, a significantly more constrained funding environment, with the market's focus shifting from long term investment to shorter term profitability, and on the operating side, a negative impact on market sentiment and consequently on growth and revenue for our business, along with all of our peers and competitors."

Swanepoel said Luno has had to readjust its focus to maintaining its leadership position in its core markets.

"While we anticipated a downturn and proactively planned ahead with a business and funding model that can be resilient to some of these factors, the sheer scale and speed of all of this happening, and all at the same time, has put significant strain on our original plan."

Luno, which started in Cape Town in 2013, employs 950 staff globally.

Today it has a network of offices in SA, Asia and Europe, with its headquarters in London.

Digital Currency Group (DCG) purchased the company in 2020 for an undisclosed sum.

DCG is located in Stamford, Connecticut and has five subsidiaries of which Luno is one. The other subsidiaries are CoinDesk, Foundry, Genesis and Grayscale Investments.

For more, visit: <https://www.bizcommunity.com>