

# IMF urges El Salvador to scale back Bitcoin push

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The International Monetary Fund said that El Salvador should dissolve the USD 150 million trust fund it created when it made the cryptocurrency Bitcoin legal tender and return any of those unused funds to its treasury.

The recommendation was part of the international lender's report on El Salvador's economy and went beyond its statement earlier this week urging El Salvador to drop Bitcoin as legal tender.

## **Key Highlights**

- The trust fund was intended to allow the automatic conversion of Bitcoin to US dollars El Salvador's other currency to encourage people wary of adopting the highly-volatile digital currency.
- The IMF also recommended eliminating the offer of USD 30 as an incentive for people to start using the digital wallet Chivo and increasing regulation of the digital wallet to protect consumers. It suggested there could be benefits to the use of Chivo, but only using dollars, not Bitcoin.
- In the near-term the actual costs of implementing Chivo and operationalising the

Bitcoin law exceed potential benefits, the report said.

- Salvadoran President Nayib Bukele's office did not immediately respond to a request for comment, but in recent days Bukele has been dismissive of the IMF's recommendations concerning Bitcoin.
- The IMF expressed concern over El Salvador's growing exposure to Bitcoin's volatility and urged greater transparency.

**SOURCE:** *Business Standard*