

BLOCKCHAIN **LATAM** REPORT 2024

KEY ECOSYSTEM AND REGULATORY
UPDATES IN LATIN AMERICA

SHERLOCK
COMMUNICATIONS





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LETTER FROM OUR MANAGING PARTNER

Dear readers,

I am thrilled to present the 2024 edition of the Sherlock Communications Blockchain LATAM Report, our fifth annual blockchain report focusing on Latin America.

A lot has happened in the blockchain world in the past year, with more accountability demanded by international courts and regulators - within the context of rising interest rates and the imminent bitcoin halving. Web3 technologies and crypto have crept into the Latin America mainstream, with some countries leading the way with regulatory frameworks, while multiple grassroots projects continue to gain visibility across the region.

Global Web3 watchers cannot ignore Latin America, and blockchain ecosystems across the region are evolving at an unprecedented rate. In this publication, we bring the latest news and development from twenty-one countries across the wider region.

Sherlock Communications is proud to be at the forefront of this rapidly evolving landscape, bringing free annual intelligence reports for our growing community of friends, colleagues, clients and other interested parties. Communications is our core business as an agency, and our 2024 blockchain report is essential reading for anyone

that is interested in Web3 on a global scale. Latin America is a particularly active region for blockchain technologies, and international actors should keep up to speed on the latest developments here.

In our fifth annual blockchain report, the number one source of Latin America Web3 information, we also bring exclusive insights from our consumer survey, which will help readers and investors to understand the main factors behind growing crypto adoption across this vast region.

We are proud to reach a diverse global audience with our annual blockchain ecosystem and regulatory updates, which serves to highlight regional Web3 growth. We work with a team of highly skilled blockchain experts and offer in-market support to a range of clients that are active in this area.

Sherlock Communications will keep you up to speed on all of the latest Latin America Web3 news and developments!!

Happy reading,
PATRICK O'NEILL



FOREWORD

In 2024 we officially welcome institutional investors to the crypto community. The past two years have been hard work, specially on the regulatory side, and lots of testing, experimenting, and building the path to regulate crypto in Latin America and all over the world.

During the upcoming bull market months, we will see Bitcoin in the news, we'll see new All Time Highs, celebrities advertising crypto, and new memecoins popping out and making crypto enthusiasts wealthy. Plenty of cryptoprojects will appear, and 90% will probably fail. I recommend reading Travis Kling's thesis about Financial Nihilism to understand the macro principles at play as we head into this bull market.

The last crypto winter wasn't an easy ride. The crypto community took heavy losses, but we managed to hold some of those responsible accountable for their actions. In the aftermath of the FTX and Luna frauds, we saw many regulatory advancements and jail convictions worldwide.

FTX founder Sam Bankman-Fried was convicted and is currently in jail. De Kwon, from Terraform labs (from the LUNA token) is in jail in Montenegro, and the US and South Korea have asked for Kwon's extradition owing to his role in Terra's implosion. Changpeng Zhao, known as CZ, founder and CEO of Binance, was found guilty of money laundering and agreed to step down from the world's largest crypto exchange, as part of a settlement with US law enforcement and financial regulators.

Holding influential and powerful people accountable for their actions was great for the industry. National governments learned from those cases, and sped up plans to put regulatory frameworks in place. As such, the path was cleared for the Bitcoin spot ETF approval in the US, and the Ethereum ETF should be approved in 2024. Countries all over the world are approving crypto-friendly regulations, and the macroeconomic environment is also more positive for crypto.

After two years of rapid rate hikes, the FED is expected to maintain or cut interest rates during 2024. Other Central Banks from countries with inflation under control should follow this movement. Brazil has already started. This is very positive for crypto investments, as investors are willing to allocate more money into higher-risk investments.

All of which is good timing for the imminent Bitcoin halving, which will take place in April 2024. After the halving, miner's rewards will drop from 6.25 to 3.125 BTC per block mined, and the daily supply of Bitcoin will reduce from 900 BTC to 450 BTC per day.

One takeaway from our research is that **it looks like Latin America is prepared to ride the crypto wave.**

Latin American countries like Brazil and El Salvador are leading the way in terms of crypto regulatory frameworks. Brazil has friendly regulations in place, huge potential for the development of RWA (Real World Assets), a diverse

and vibrant community, and a CBDC (called DREX) in the pilot stage. Bitcoin is legal tender in El Salvador with adoption incentivized by the government, and crypto tourism is growing, but the initiative I believe we should watch closely is **Bitcoin Bonds**. This project has the potential to disrupt the bond market and be a use case for other countries.

On the ecosystem side, Argentina recently elected a president with a friendly stance towards crypto, and grassroots adoption is high due to currency devaluation there. Mexico is seeing crypto adoption grow, incentivized by remittances with low fees and fast transactions. Meanwhile, Ecuador and Guatemala are using blockchain technology to lend transparency and trustworthiness to their national elections.

Multiple grassroots projects inspired by Bitcoin Beach in El Salvador have sprung up across the continent: Bitcoin Jungle in Costa Rica, Bitcoin Lake in Guatemala, Bitcoin Beach in Brazil, to name but a few.

For the first time in a bull market, we will see institutional money nurturing the grassroots crypto ecosystem. All the money inflows and potential rise in BTC price, coming from institutional investors' demand, will also benefit small crypto holders all over the world, specially in Latin America, where grassroots adoption rates are noticeably high, with an 'adoption by necessity' scenario, to protect assets from inflation or to reduce remittances fees.

It will be interesting to watch the Latin American ecosystem evolve and mature in this new context. There's still a long way to go, with many challenges ahead - and the major one is still education to grow user adoption. I hope we can gather resources and grow adoption rates all over the continent. I hope crypto brings hope to many Latin Americans and people all over the world. I hope it brings decentralised prosperity and abundance.

This report highlights key aspects from the blockchain ecosystem in 21 Latin American countries, focusing on their crypto ecosystem, regulations and key players. Our goal is to provide valuable insights for organisations aiming to enter the region. Enjoy the ride.

LUIZ EDUARDO ABREU HADAD

Sherlock Communications Researcher and
Blockchain Advisor



ARGENTINA

ECOSYSTEM:

The number of Argentines holding crypto is estimated to be around 5 million, but one thing is certain: cryptocurrency adoption is growing in the country, which is the second biggest crypto market in Latin America, and ranked 15th on Chainalysis' 2023 Global Crypto Adoption Index - down from 13th worldwide in 2022.

Such growth in Argentina, even during a bear market, is related to inflation. Annual inflation in 2023 stood at 211%, the highest since the early 1990s. This, combined with strict government capital controls and other factors, explains why Argentines are turning to crypto - and stablecoins in particular - to protect their savings.

Each Argentine citizen has a personal limit of \$200 per month to purchase dollars at the official rate, although demand is higher due to the devaluation of the Peso. That's where informal dollar markets, like the Dollar Blue and stablecoins known as cryptodolares, come in.

The election of President Milei is changing this scenario. With a Liberal ideology, Milei is leading crypto-friendly economic reforms, such as integrating Bitcoin and other cryptos to the economic framework and accepting it



[legally as means of contract payments](#). Milei also [proposed a bill to regularise undeclared crypto assets](#) and [might dollarise the Argentinean economy](#).

Free access to dollars could slow down crypto adoption by stablecoins, but the 2024 bull market will bring many different onboarding tools, and Argentina's vibrant and creative crypto ecosystem will have more freedom to build, adopt and create blockchain based applications. The crypto community in Argentina is expected to continue its growth.

Here are some interesting cases happening in the country's ecosystem:

[Ripio](#), an Argentinean exchange with more than 8 million users and more than \$200M in transaction volume, [helped launch layer 1 blockchain LaChain](#) and [introduced UXD](#), a new dollar-pegged stablecoin, available for LaChain users in Argentina and Brazil.

Lemon Cash was founded in 2019 and is a [crypto wallet with 1.8M users](#). In 2021 they started offering [Lemon Card](#), allowing users to pay in Argentine Pesos using their [crypto assets](#), and [receiving up to 2% cashback in BTC](#). In 2023, [Lemon Cash launched the first national Peer-to-Peer \(P2P\) crypto marketplace](#).

Blockchain infrastructure firm [SenseiNode](#) raised [US\\$3.6m in a seed funding round](#), and will use these resources to expand its node operations in Latam, where

[less than 1% of nodes are deployed](#). [The company recently announced the milestone of \\$1 billion dollars of assets under management](#).

[Open Vino](#) is an open source initiative aiming to provide more transparency and ethical business practices, blockchain technologies and new models of ownership and value assessment into the wine industry. The proof-of-concept is being developed at Costaflores boutique winery in Mendoza.

[There are half a million freelancers in Argentina that need to receive money from overseas](#). They have a couple of options to do so, and one of them is the [Bitwage platform](#), which has already seen a sharp rise in demand: the number of Argentines who used the platform to work and collect their wages in crypto grew by 300% in 2023.

[Binance's sponsorship of the AFA \(Argentine Football Association\) was cancelled due to a breach in contract, citing lack of compliance](#).

Cheap energy rates and a cool climate are incentivising mining operations in the country - Canadian company [Bitfarms started their Bitcoin Megafarm operations in 2022](#), and in 2023 [expanded their production](#) and secured a [pre-paid contract purchasing power at \\$21 per megawatt-hour](#), enhancing the cost efficiency of their [mining operations in Argentina](#).



THE NUMBER OF ARGENTINES HOLDING CRYPTO IS ESTIMATED TO BE AROUND 5 MILLION, BUT ONE THING IS CERTAIN: CRYPTOCURRENCY ADOPTION IS GROWING IN THE COUNTRY, WHICH IS THE SECOND BIGGEST CRYPTO MARKET IN LATIN AMERICA

REGULATION:

After the election of Javier Milei, the government's regulatory stance towards crypto seems friendlier.

Milei's first move was to propose an [asset regularisation initiative, whereby Argentinean taxpayers can legalise their crypto assets without additional documentation about their origin](#). The regularisation involves a flat tax rate on declared assets: 5% by March 2024, 10% from April to June 2024, and 15% from July to September 2024.

An executive order is expected in early March [to regulate crypto exchanges and make them compliant with KYC and AML rules](#). Milei's regulatory efforts aim to prevent Argentina from entering the Financial Action Task Force (FATF) grey list again.

The Argentinean Central Bank (BCRA) [promoted several anti crypto rules, and the fintech association claimed that these rules should be reviewed](#).

Currently there are three crypto taxes in Argentina, two of which were created in 2021:

INCOME TAX

Cryptocurrencies are taxed like any other intangible asset. The income derived from the sale of digital currencies is taxed at 15%. This was the only crypto tax in operation until 2021.

PROVINCIAL TAXES

In 2021 [regulations passed in provinces such as Cordoba, to tax gross income at a rate of 4 - 6.5%](#). Individuals and businesses that receive payments in cryptocurrencies "in exchange for goods or services" will be subject to a tax rate of 0.25%.

Other provinces such as [Tucumán, Entre Ríos and Catamarca have begun to charge additional taxes on the gross income generated by trading cryptocurrencies.](#)

CHECK TAX:

In November 2021 [the Argentinian government updated its "check tax" rules, and included crypto exchanges](#). This means crypto sales and purchases are subject to a tax of up to 0.6% on banking debits and credits.

KEY PLAYERS:

[Mercado Libre, Bitfarms, Moneda Par, Lemon Cash, RSK, Ripio, Sensei Node, Attic Lab, Bitwage, Binance, EOS Argentina](#), which participates in [Latam Link](#), a voluntary regional alliance led by Latin American organisations.

“For a long time, Argentina has been known for its beef, soy, and soccer, but nowadays it is also recognized for having a thriving ecosystem that develops many tools for the cryptocurrency and finance industry, known as DeFi. Inflation has been a growing problem for years in Argentina, where the value of the peso has depreciated so much that Argentines have sought refuge in buying property, dollars, and, in recent years, bitcoin. In this context, a libertarian candidate has recently managed to transform “the divide” (“La Grieta”) into what he calls “caste,” (“La Casta”) shifting the focus of the conflict not between the ideology of Argentines (historically expressed between Peronists and anti-Peronists), but accusing politicians, all in general, of being the main causes of Argentina’s decline. In this framework, the new president (Javier Milei) promises to reduce inflation from a zero deficit and shows openness to currency competition, allowing bitcoin and other cryptocurrencies to legally participate in any operation or contract carried out in the country. Much of the crypto ecosystem is represented in the principles of freedom proposed by this new president, so it is expected that the blockchain community remains vibrant and active, with many innovative projects in the DeFi space as well as crypto projects that have local impact.”

Martin Fernandez - SenseiNode founder and CBO, EOS Argentina Cofounder



BOLIVIA

ECOSYSTEM:

The [Bolivian Central Bank banned cryptocurrencies in early 2014](#), and in 2022 it prohibited banks from using, marketing, or transacting cryptocurrency. Due to these restrictions, there are no local brokers or exchange companies there. As a result, Bolivians have resorted to using foreign companies or P2P methods to transact with their crypto. Bolivia currently ranks [79th on the Chainalysis 2023 Global Crypto Adoption Index](#), dropping 37 spots from the 2022 Index, where it ranked 42nd. Currently, as [reported by Triple A](#), a total of 245,832 Bolivians (approximately 1.98% of the population) own crypto.

Outlawing the crypto industry was the initial and lasting approach taken by the Bolivian Central Bank, in a country that's currently struggling economically and lacking [dollar reserves](#). Since disclosing or advertising cryptocurrencies may lead to fines, Bolivians find themselves in the educational phase, in an effort to spread the word on the economic solutions and benefits that web3 technologies can provide. [Ethereum Bolivia](#) is currently the biggest crypto event taking place in Bolivia, and the first meetup brought together 150 people in capital city La Paz in 2023.

A [recently proposed bill to lift the](#) cryptocurrency ban has provided a shred of hope. A [political movement has risen](#) in the country, advocating for crypto/web3 as a way to bring about financial inclusion, development and education, and capitalise on rising international economic interest in the country.

REGULATION:

The Bolivian Central Bank banned cryptocurrencies early on, in [a public statement](#), by way of the 2014 [Resolution N044/2014](#) that was ratified in 2022. However, unlike most countries that officially ban digital assets, [Bolivia has refrained from repressing or criminalising](#) the holding or trading of cryptocurrencies.

Congresswoman Mariela Baldivieso recently [presented a bill to lift the ban on cryptocurrencies](#) in the country. The legislator posits that the government needs to embrace such technologies as tools for economic turnaround in Bolivia.

KEY PLAYERS:

[Bolivian Mind Blockchain](#), [Ethereum Bolivia](#), [Asociación Blockchain Bolivia](#), [Comunidad Bitcoin Bolivia](#)



BRAZIL

ECOSYSTEM:

Brazil is the largest crypto market in Latin America, and ranks 9th in the world according to the [2023 Global Crypto Adoption Index](#) - down from 7th in 2022.

Even during the 2022-2023 bear market, crypto adoption in Brazil continued to grow. [The number of registered investors in 2023 surpassed 4.1 million people and 92.000 companies.](#) These numbers continue to increase as ETFs facilitate money inflow from regular investors into crypto and [major global exchanges like Binance, Coinbase and Crypto.com](#) make the Brazilian market a priority.

Crypto-related ETFs debuted in Brazil in 2021, initially linked to Bitcoin and Ethereum. They became a huge success, allowing investors to enter crypto markets in a simple, secure and regulated way.

The first Crypto ETF - HASH 11, launched by [Hashdex](#) - became [the second-most purchased futures on the Brazilian stock exchange](#) just 9 months after its launch, and currently has over 150.000 investors.

Other ETFs are listed on the Brazilian Stock Exchange, with investment options ranging from [carbon neutral bitcoin](#) to [DeFi](#), [Metaverse](#) and [Web3](#).



TradFi (Tradicional Finance) players have entered the market, now that Brazil has established clear regulations, and especially with the upcoming Digital Real [that aims to make a digital transformation in the Brazilian financial services sector.](#) If the [Brazilian economy is tokenizable, how big is this opportunity?](#) Major players are already experimenting with it, with promising initial results.

[Brazilian bank Itaú Unibanco has launched a cryptocurrency trading service for its clients as part of its investment platform.](#) Itaú, the largest bank by assets under management in Brazil and one of the leading lenders in Latin America, is debuting crypto trading with Bitcoin and Ether, and plans to add other cryptocurrencies shortly.



Itaú participated in the Brazilian Central Bank [Lift Challenge](#), in association with R3 Corda and B3, [with a use case of international payments](#), employing a PvP (Payment versus Payment) method in an application with Colombia. This is an effort to improve cross-border payments and has a large market size in Latin America, especially regarding international trade.

Santander's plan to [launch a crypto trading feature in Brazil](#), and participated in the Brazilian Central Bank [Lift Challenge](#) with a [DvP \(Delivery versus Payment\) project, a process in which used vehicles and real estate ownership rights would be tokenized and delivered upon payment](#).

Bradesco, the third biggest bank in Latin America, [entered the cryptocurrency world by issuing its first tokenized credit notes in 2023](#). The pilot operation, carried out in partnership with Bolsa OTC, tokenised almost US\$2 million in bank credit notes, which were also distributed by the bank.

Visa and Microsoft created a project on the [Lift Challenge](#), using the blockchain to finance Brazilian SMEs (Small and Medium Enterprises). [Using programmable money enabled by smart contracts, these businesses can be much more easily accessible to global investors and capital than in the case today](#).

[Mercado Livre](#), one of Brazil's largest online marketplaces, [invested in 2TM](#), [Mercado Bitcoin's](#) holding company,

and is already [enabling Brazilian residents to buy, sell and hold major cryptocurrencies like BTC and Ether \(ETH\)](#) through its subsidiary [Mercado Pago](#), a major payments firm in Brazil with more than 20 million active users and 1 million crypto customers.

Nubank, Brazil's largest digital bank, [began offering Bitcoin and Ethereum to their customers](#) in 2022, [expanded to 10 other tokens](#), and started [accepting USDC stablecoin](#). The bank has announced a [partnership with Polygon to create Nucoin, their own crypto asset](#) that serves as a loyalty rewards program.

[BTG Pactual](#), one of Brazil's leading investment banks, already offers several crypto ETFs to its user base. The bank created their own crypto exchange, Mynt, to offer crypto to its customers, and [BTG DoI](#), the first stablecoin backed by a traditional bank. BTG announced a strategic partnership with [Crypto.com](#) and an investment in [blockchain development company Lumx](#).

Meanwhile, [XP Investimentos and Picpay left the cryptocurrency market, alleging regulatory uncertainties](#).

On the development side, [Cryptum](#) is enabling web2 business to enter the web3 universe with a Blockchain-as-a-service solution, making the transition to web3 smoother and more accessible in the short term.

The Brazilian crypto community is [nurturing a fertile Regenerative Finance \(ReFi\) ecosystem](#). Initiatives like

social currency [Muda Outras Economias](#), and projects like [Ambify](#), [Ekonavi](#), [Agroforest DAO](#), [SurfguruDAO](#) and [One.percent](#) are growing organically and gaining momentum in the community.

Builders are using web3 to cause positive impacts, with projects gaining traction including [Moss](#), a carbon credits platform, [RibonDAO](#), which incentivizes donations, and [Play4Change](#), a DAO that promotes education, financial inclusion and social transformation among thousands of Brazilians using web3 tools.

Brazil hosted several crypto events in 2023: highlights include [Ethereum Rio 2023](#), [Eth Samba 2023](#), [NFT Brasil 2023](#), and the [Blockchain Rio Festival](#). A grassroots Rio Crypto Hub community hosts monthly events, bringing together the city's web3 community.

[Meanwhile, Rio Onchain Week, Eth Samba and Blockchain Festival](#) are among the confirmed web3 events in Brazil for 2024.

[Even](#) during the 2023 bear market, Brazil's NFT community continued to grow. [Cryptorastas](#), a Brazilian project that supports reggae culture, has been adopted worldwide and is a 'made in Brazil' success story. [Nouns](#), one of the most famous NFT projects, has a [Nouns Brasil community](#), and its sub-DAO [Gnars](#), created to support extreme sports athletes, boasts a 20% share of Brazilian Discord members. [Surfjunkies](#), a benefits club that uses NFTs as membership cards, launched in 2023 and became a success mixing



surfing and NFTs. All these projects developed during the crypto winter, and look set to thrive during the bull market.

[Nouns in Rio](#) created several community events and even a in-person prop-house - [Precious Noggles](#), a collaboration between Nouns and Precious Plastic, created sunglasses made with recyclable plastic, led by Brazilian Designer Mariana Salles and funded by NounsDAO.

Extreme sports athletes like Bob Burnquist (skateboarding), Carlos Burle and Bruno Santos (surfing) are taking part in NFT projects and using their audience to engage communities such as [GnarsDAO](#) and [Surfjunkieclub](#). Gnars is promoting meetups, refurbishing skateparks and beach park entrances, while Surf Junkie is promoting experiences like VIP passes to music festivals.

Soccer NFTs lost traction during the 2021-2023 crypto winter. But promising use cases continue. [Coritiba shared \\$100k from the sale of the soccer player Dodô, as one of the first use cases of tokenization of Real World Assets \(RWAs\) promoted by Brazilian startup Liqui.](#)

REGULATION

A bill to regulate [crypto operations in Brazil](#) was sanctioned by Brazil's Executive branch in 2023. The bill creates rules governing day-to-day crypto usage in

financial transactions, while establishing regulation for 'virtual assets' and its service providers. It also considers digital assets as securities, and defines crimes and fines related to fraud using digital assets, with the overall goal of increasing investor protection. [Making Bitcoin legal tender isn't currently on the Congress agenda.](#)

The Executive branch issued a decree establishing that cryptocurrencies [will be regulated by the Brazilian Securities and Exchange Commission \(CVM\) and the Brazilian Central Bank \(BCB\).](#) [The primary focus in 2024 is on finalising the cryptocurrency regulatory framework, which still needs further development.](#)

Another important step is towards testing and launching Brazil's Central Bank Digital Currency (CBDC), the Digital Real (DREX). [Pilot tests have been underway since March 2023 on the LIFT challenge.](#) The official [DREX website states that there's no estimated date for the launch.](#)

The CVM [published a Circular Letter CVM/SSE 04/2023](#) providing guidance on Receivable Tokens or Fixed Income Tokens (TR) and characterising them as securities, aimed at Exchanges and Virtual Assets Service Providers. Those tokens are subject to securities law, and must be compliant with such regulatory framework. It is still clear whether staking tokens are forbidden by the CVM, but most exchanges are offering staking to their users at the time of writing.



Service providers on the CVM consultation unanimously voted in favour of clear rules to allow and regulate staking services in Brazil.

Regarding taxation, the only recent update is a new income tax of 15% on cryptocurrencies held on foreign exchanges. This ruling came into force in 2024.

Holders of cryptocurrency on Brazilian exchanges are subject to the same rules: they must declare it on their income tax if the value exceeds 5,000 BRL.

Capital gains taxes are applied to any crypto sales. In May 2022, the Brazilian Tax Authority (RFB) clarified that investors are required to pay capital gains taxes when converting one cryptocurrency to another. Trading crypto to pairs incurs a tax liability regardless of whether there was an intermediary conversion to the Brazilian real, the country's national currency.

Monthly transactions that do not exceed the threshold of 35,000 BRL are tax-exempt. The capital gain tax rate will depend on the total amount.

Gains of up to 5 million BRL are taxed at a rate of 15%, while gains ranging between 5 million BRL and 10 million BRL are taxed at 17.5%. Meanwhile, gains between 10 million BRL and 30 million BRL accrue a 20% tax, and profits above 30 million BRL incur tax of 22.5%.

KEY PLAYERS

Brazil Central Bank, Mercado Bitcoin, Nubank, Mercado Pago, Foxbit, BTG Pactual, Santander, Bradesco, Lumx, Hashdex, BLP Crypto, Stratum Blockchain, MOSS, OnePercent, QR Capital, Play4Change, Muda Outras Economias, Binance, Cryptorastas, NounsBR, Pods Finance, RibonDAO, Surf Junkies, CELO, Mynt, Cryptum

“Brazil’s economic and financial prowess undoubtedly captivates the world’s premier policymakers and financial magnates. With unwavering focus, they strive to unravel the success and challenges Brazil confronts in its trailblazing implementation of a Central Bank Digital Currency (CBDC). The knowledge distilled from this groundbreaking journey promises to offer a solid framework for other nations contemplating the inauguration of similar digital financial infrastructures. The tangible excitement surrounding these developments punctuates a critical turning point in the transformation of modern financial systems globally.”

Leandro Pereira Sciamarella - Drex for Gringos



CHILE

ECOSYSTEM

Chile's cryptosphere is a vivid and evolving space, ranking 68th on the [2023 Global Crypto Adoption Index](#), down 12 spots from the [2022 Index](#). Currently, 410,149 people, or 2.01% of the population, own crypto in Chile.

The country is no stranger to blockchain conferences, including the [Bitcoin Meetup Chile 2023](#) in Santiago in November 2023. [Ethereum Santiago](#) took place in September 2022, during which over 40 specialists presented and discussed subjects such as DeFi, NFTs, CBDCs and DAOs. Chile will host the [ICBC - International Conference on Blockchain and Cryptocurrencies](#) in September 2024.

Statista indicates that [15% of Chilean respondents either owned or used cryptocurrencies](#) in 2023, compared to 14% in 2022 and 12% in 2020.

Economic growth [slowed in Chile during 2022](#) due to rising inflation/interest rates and growing political uncertainty that included a new constitutional amendment proposal rejected via a national referendum. In 2023, on the other hand, [inflation dropped significantly, from 12,8% in 2022 to 3.94% in 2023](#), indicating some relief for the Chilean economic situation. [In 2024, Chile has](#)



[already reduced interest rates to 7.25%](#), with a 3% target for predicted inflation in 2024.

Among Chile's current most well-known crypto initiatives is Mercado Libre, the e-commerce company with the highest market value in Latin America. Mercado Libre recently [enabled cryptocurrency trading and payments through their digital wallet Mercado Pago](#), in partnership with Ripio.

[Bitfinex invested in Chilean crypto exchange OrionX in 2023](#), and plans to expand to Peru, Colombia and Mexico

with the objective of surpassing one million users in the region by the end of 2024.

Cryptocurrencies are currently the [third most popular investment asset](#) among Chileans. [National crypto exchanges registered growth of up to 50% in stablecoin transactions in 2022](#), as residents looked to protect their assets from inflation and a plunging Chilean peso.

Two Chilean blockchain projects gained traction and presented their use cases in Santiago in 2023: [Endangered Tokens](#) and [Wbuild](#). The former is a [Regenerative Finance](#)



[initiative that purports to use crypto tools to create incentives for nature conservation](#), while the latter is a platform that allows tokenised and borderless real estate investments, starting at US\$50 dollars. [Wbuild grew 46% in the 6 months to February 2024 with this business model](#), and their growth prospects continue to look good.

Another successful foreign project in Chile was [Worldcoin](#). In a September 2023 press release, the company announced that World ID sign-ups exceeded 1% of the Chilean population.

Having [disclosed initial experiments with Blockchain in late 2019](#), Chile's Central Bank is still at an early stage in the development of its own digital currency (CBDC), with the first and only report published [in May 2022](#). Despite this, the entity demonstrates interest in embracing digital payments in the future. The Bank will also hold a series of seminars, presentations and meetings with different counterparts in its search for the ideal design of the Chilean Peso CBDC.

REGULATION

In January 2023, the so-called "[Fintech Law](#)" was enacted in Chile with the objective of promoting financial inclusion and competition through innovation and technology for financial services, although the regulation for its implementation is still being drafted.

While the law regulates the exchange and custody of cryptocurrencies, subjects such as borrowing or staking (yield) have yet to be included in the proposal. To provide these services, Chilean fintechs have to register with the CMF (Financial Market Commission) to obtain operating authorisation. There are currently no banks in Chile offering services related to cryptocurrencies.

Despite the ongoing legal issuance process, [many different institutions in Chile have made official pronouncements regarding cryptocurrency regulation](#). The CMF stated in June 2016 that crypto assets are not regulated as securities on the stock market but can be used as a means of exchange as long as the parties agree, despite having to comply with the AML/CFT regulatory framework.

Regarding AML/CFT, in the 2021 Alert Signals Guide, the UAF (Financial Analysis Unit) disclosed the intention of instructing institutions on the characteristics and behaviour of possible suspicious transactions or individuals. The Chilean Central Bank stated in 2019 that crypto assets can be used as a means of exchange and investment, despite not being considered as a legal tender.

KEY PLAYERS

[ONG Bitcoin Chile](#), Mercado Pago, OrionX, Buda.com, CryptoMKT, [Colledge](#), Worldcoin, Bitfinex, Endangered Tokens, W Build, Eth Chile



CRYPTOCURRENCIES ARE CURRENTLY THE THIRD MOST POPULAR INVESTMENT ASSET AMONG CHILEANS. NATIONAL CRYPTO EXCHANGES REGISTERED GROWTH OF UP TO 50% IN STABLECOIN TRANSACTIONS IN 2022, AS RESIDENTS LOOKED TO PROTECT THEIR ASSETS FROM INFLATION AND A PLUNGING CHILEAN PESO.

COLOMBIA

ECOSYSTEM

Colombia ranks 32nd on the [Chainalysis 2023 Global Crypto Adoption Index](#), down from 15th place in 2022 and 11th in 2021. Currently in 4th place regionally, Colombia ranks behind only Brazil (9th worldwide), Argentina (15th) and Mexico (16th) in Latin America.

Colombia has the fast-growing grassroots adoption of any country in Latin America. The decline in the Crypto Adoption Index ranking can be attributed to reduced DeFi (Decentralised Finance) activity, in which Colombia ranked 46th.

More than [5.6 million Colombians](#) are actively engaged with cryptocurrencies, and the country gained 5 new Bitcoin ATMs between 2022 and 2023, [with 45 Bitcoin ATMs](#) currently in operation.

Typically for Latin America, the key drivers for adoption are high inflation rates and cross-border payments. [Colombian inflation reached 13.12% in 2022, and 9.28% in 2023](#) - a combined inflation rate of 22.4% over two years that incentivises crypto adoption to prevent currency devaluation.



Remittances also play a significant role in the Colombian economy, with [US\\$9.4 billion received in remittances in 2022, primarily from the US](#). A 2022 [World Bank report](#) stated that sending US\$200 to Latin American countries

costs an average of 5.8%. Transferring money from overseas is faster and cheaper using crypto. Immediately after its successful pilot in Mexico, [Bitso also launched its remittance services in Colombia](#).



Education and events play an important role in growing the crypto community. Bogotá hosted [Crypto Latin Fest in 2023](#) and two major Ethereum ecosystem events in 2022, [VI Devcon](#) and [Eth Medellin](#).

The Colombian Government is becoming increasingly friendly to blockchain technology, issuing a guide to implement [blockchain for public projects](#) in 2022; [launching](#) an initiative with Ripple as part of a plan to rectify land distribution efforts; and is considering [the introduction of a central bank digital currency \(CBDC\)](#) to facilitate transactions and to reduce instances of tax evasion.

Colombia's Central Bank partnered with Ripple to explore [Blockchain use cases](#), such as Ripple's CBDC platform, to improve its high-value payments system. The initiative, conducted by the Colombian Ministry of Information and Communications Technologies (MinTIC), is still in the experimental phase.

As per the country's regulatory sandbox, [banks are partnering with crypto exchange companies](#) to conduct crypto activities. [Buda.com](#) partnered with Banco de Bogotá, [Binance](#) with Davivienda and [Gemini](#) with Bancolombia.

Notable Colombian based initiatives include: Tropykus, a DeFi platform that is built on top of Bitcoin using RSK focused on the Latin American market, [Populart](#), a NFT project that highlights Hispanic talent, and [Hash House](#), a web3 hub located in Medellin.

REGULATION

The Colombian government has a friendly regulatory approach regarding crypto, issuing a [regulatory sandbox in 2021](#). The government has also published [crypto tax guidelines and anti-money laundering \(AML\) regulations](#).

A bill to [regulate crypto assets](#) was presented to parliament in late 2023. It seeks to establish a regulatory framework to define the operations of digital platforms based in Colombia, following the example of Brazil, where similar legislation was recently passed.

KEY PLAYERS

[Buda.com Colombia](#), [Panda Exchange](#), [RSK](#), [ViveLab Bogotá](#), [Cajero.co](#), [IntiColombia](#), [Paxful](#), [Binance](#), [Bitso](#), [Gemini](#), [Obsidiam.com](#), [Banexcoin](#), [Tropykus](#), [Ripple](#), [LACChain](#), [Populart](#), [Hash House](#)

“Today, the world talks about cryptocurrencies, but they do not necessarily impart the best message about clear and transparent transactions. That means that, regarding cryptocurrencies and the potential of a digital currency: in Colombia, we have to start building.”

Ricardo Bonilla - Colombia's Minister of Finance (Ministro de Hacienda) November 2023



COSTA RICA

ECOSYSTEM

Costa Rica ranks 92nd on the [2023 Global Crypto Adoption Index by Chainalysis](#), down from 65th in 2022.

Cryptocurrencies have been widely adopted in Costa Rica, with many businesses accepting them as a means of payment - unsurprisingly, since workers can receive a portion of their wages in crypto, Costa Rica has 6 [Bitcoin ATMs](#) for a population of just 5 million.

The Pura Vida country [embraced blockchain](#) technology and cryptocurrencies quickly, and boasts a lively ecosystem as a result. Costa Rica has become a [crypto hub due to high demand among businesses to incorporate the technology into their systems and also accept it as means of payment](#).

The vibrant crypto ecosystem has led to an active blockchain association: [Asos Blockchain](#) promotes events and frequently brings together the country's leading web3 builders at events such as [The Tico Blockchain Conference](#) and the community-led [Crypto Cantina](#).

[Costa Rica has a stable and reliable internet connection and one of the largest renewable energy outputs in the world - 98% of its energy is renewable](#), making it one of

the 'greenest' countries on Earth, and an attractive location for crypto mining projects.

Grassroots adoption is underway: the [Bitcoin Jungle community has sprawled from Dominical Beach to the Golden Triangle \(Dominical, Uvita, Ojochal, Platanillo, Tinamaste\) area in Costa Rica](#).

The community actively promotes meetups and educational efforts, and the initiative has gained recognition by helping sellers save money on credit card fees (which can be up to 8%) while incentivising bitcoin enthusiasts to visit the surf town. The successful El Zonte Bitcoin Beach inspired this experiment by crypto enthusiasts.

The Blockchain Jungle conference [aims to position Costa Rica as a global hub for sustainable blockchain technology](#). Speakers like Nick Szabo and Costa Rica's Minister of Technology, Paula Bogantes, attended [the event](#) in November 2023.

Costa Rica launched its own [ReFi Node](#) with the goal of incubating regenerative finance projects and fostering collaborative businesses in the region. Another notable project is [Cambiatius](#), a blockchain-based platform for creating complementary currencies. The thriving [Monte Verde](#) community uses the platform to promote green awareness and reward volunteering efforts, boosting the local economy following the pandemic-related adverse effects on tourism, the region's primary economic activity. Launched in December 2020, the Verdes community



currently has more than 2,800 members and is still growing. Cambiatius also facilitated the creation of [CoFi Blocks in 2022](#), a collaborative business led by coffee producers.

In the private sector, [Edenia is an initiative led by builders from the web3 ecosystem](#) assisting bare metal infrastructure servers, a development lab serving as validator for several blockchains, such as: Bitcoin, Ethereum, Polygon, Dash, EOS, TELOS, Libre, LACChain and others.

Crypto mining is also an interesting sector to watch. In early 2022, a [hydroelectric energy plant changed its business model after 30 years of operations](#) and started mining Bitcoin. In 2023, [Evergreen Sustainable Enterprises activated a hydroelectric-powered bitcoin mining facility](#)



in [Costa Rica](#). The power cost of this sustainable facility is as low as US\$0.02, making the break even point at the BTC market price as low as US\$10,145.

REGULATION

Costa Rica [aspires to become a crypto-friendly nation](#) with significantly low taxes on crypto. Congresswoman Johana Obando has presented a Crypto Assets Market (MECA) Law to regulate the crypto market, offering clarity and protection to individuals and companies investing in crypto assets while fostering an ecosystem to attract investments.

The proposed bill would prevent the government from taxing cryptocurrencies when used to buy goods and exempt government tax on crypto sitting in cold storage, and crypto produced by the mining industry, from profit tax. Profits from crypto trading, however, would be subject to income taxes.

Lawmakers want the Costa Rican government to recognise what crypto is and allow people to hold it and spend it freely. The goal is to eventually attract [foreign investors](#), fintech companies and tourists, and to create jobs for Costa Ricans in tech and tourism sectors. Costa Rican regulation differs from that applied in El Salvador - it won't [force anyone to accept Bitcoin, but will make it a possibility if both parties consent](#).

Cryptocurrencies are not currently regulated by the Costa Rican Central Bank, but they are legal and acknowledged as a legitimate means of payment.

A 2017 government [statement](#) illustrates state agencies' total lack of responsibility and administration of cryptocurrency operations, advising users to employ them "at their own risk".

Costa Rica's Central Bank (BCCR) will neither regulate nor enforce the use of cryptocurrencies, as they are not issued or backed by the Central Bank. According to [The Tico Times](#), "Article 166 of the labour code states that Costa Rican laws allow for the use of commonly accepted assets as a means of payment". So employees can receive part of their salaries in crypto. [Salary payments up to the minimum wage must be paid in fiat \(government-issued currency\) and everything above that can be paid using cryptocurrency.](#)

In November 2021, Costa Rica's taxation authorities developed a proposal to tax crypto assets, proposing to charge 13% VAT on the purchase of crypto assets, in addition to 15% in capital gains. This proposal is not expected to pass since it would dis-incentivise the crypto ecosystem in Costa Rica and hinder innovation.

KEY PLAYERS

[AsoBlockchain](#), [Blockchain Costa Rica](#), [Edenia](#), [EOS Costa Rica](#), [Cambiatus](#), [Genesis Blockchain Technologies](#), [Data Center CR](#), [LACC Chain](#), [Cryptoreds](#), [Bitcoin Jungle](#), [Blockchain Jungle](#)

“The Costa Rican ecosystem is focused on combating misinformation using education, regulatory clarity and innovation. The country has everything required to position itself as an international hub in web3 and Regenerative Finance (ReFi), taking advantage of its experience and leadership on environmental issues. The challenges are great and the ecosystem is still in its infancy, but regular events that connect the community, like TicoBlockchain, and projects with a local impact, like Cambiatus, move us in the right direction.”

[Karla Córdoba Brenes - Cambiatus cofounder & Asoblockchain Costa Rica Board Member.](#)



CUBA

ECOSYSTEM

Amid challenging economic circumstances, crypto adoption is picking up in Cuba, and the country ranked 136th out of 155 on the [2023 Global Crypto Adoption Index](#), having not even been included in the [2022 Index](#).

With an [annual inflation rate surging to 45%](#) and a staggering 88% of its citizens living in a situation of extreme poverty, [according to the Cuban Observatory of Human Rights](#), Cubans are turning more and more to cryptocurrency as a way of circumventing the inflation of the devalued Cuban Peso, and the country's strict and centrally planned economy.

[Cuba has the potential for a crypto revolution, even with all its restrictions](#). It has a highly educated population suffering from high inflation rates that rely on remittances and tourism to access US Dollars.

Until recently, few Cubans were educated about crypto. Now, local groups are creating grassroots educational movements to 'orange pill' the population and teach them about Bitcoin and Blockchain: "Satoshi didn't create Bitcoin for Cubans, but it really comes in handy for us," stated Forte, the co-founder of Cuba Bitcoin.



Istockphoto

[Peer-to-peer transactions stand out](#) when it comes to use cases for crypto in Cuba. Due to the US trade embargo, regular centralised exchange companies don't offer services in the country. As a result, Cubans resort to peer-to-peer transactions to negotiate crypto. The most common method is [via Telegram groups with lightning-enabled tipping bots, where buyers and sellers](#) utilise BTC's lightning network to make payments.

Since the government issued its [first document regulating](#) payments using digital assets in the country in

August 2021, more and more businesses are accepting crypto as payment, even though the private sector is still incipient in the country.

Two notable Cuban companies working with blockchain technology and cryptocurrencies are [BitRemesas](#) and [QvaPay](#), both in the area of remittances - one of the most relevant sectors in the Cuban economy.

On the other hand, the crypto mining sector, which started receiving punctual small investments from Cubans



in the last few years, slowly perished due to constant blackouts caused by the precarious Cuban power grid, making the running of mining rigs unfeasible.

One of the first and lasting use cases in Cuba is Bitrefill, a website that sells gift cards from international service providers, with one major difference: they accept crypto, with the intent to solve the blockage Cubans currently face when paying for international purchases using credit cards, due to US sanctions.

REGULATION

Resolution 215 in August 2021 allowed businesses in Cuba to accept cryptocurrencies, once they apply for authorisation and receive a valid one-year permit. According to Coinmap, thirty places in Cuba currently accept crypto, with seventeen of those located in the country's capital, Havana.

Simultaneous to the Cuban Central Bank publishing Resolution 215, US President Donald Trump imposed sanctions on the island country, highlighting the possibility of the Cuban government adopting crypto as a way around the sanctions. However, this hasn't come to pass, as the Cuban authorities have not since disclosed any further statements on the subject.

KEY PLAYERS

BitRemesas.com, Bitcoin Cuba, QvaPay, Fusyona, Qbita, Bitrefill

“It's clear that, for Cubans, Bitcoin could represent a critical instrument for securing their financial future in the face of runaway inflation and government interference, or as a way of opening up to embargoed markets and the international financial world.”

Joseph Hall, Reporter of Cointelegraph Magazine, while visiting Cuba.



DOMINICAN REPUBLIC

ECOSYSTEM

In spite of restrictive (yet unenforced) regulations issued in September 2021, the country's crypto market has evolved steadily in the last few years, with adoption continuing to grow. The Dominican Republic ranked 71st on the [2023 Global Crypto Adoption Index](#), down 28 places from the [2022 Index](#).

[Three out of every ten members of the banked population in the Dominican Republic has already bought some type of cryptocurrency.](#) Research carried out by [Minsait Payments](#) (page 86) suggests that the majority (72%) of use cases to date are for investment, with 21% using crypto for daily use/payments; and NFT transactions accounting for a further 9.8%. The report singles out Dominican Republic as the Latin American nation with the highest proportion of the banked population willing to use cryptocurrencies for payments: 25.1% of the respondents said they would certainly use crypto, while 12% said they would probably use it as a means of payment.

The [“Run with Bitcoin” meetup](#) was held in the Dominican Republic in 2023, during which [Paco de La India](#) shared his experiences of travelling to over 40 countries (15 of them in Latin America), using Bitcoin and spreading the word.



Educational projects are becoming more and more common in the island country, with one of the more notable being [“Mi primer Bitcoin”](#). The project was developed by Bitcoin Dominicana to democratise access to digital finance by teaching cryptocurrency fundamentals and advanced applications.

Crypto services are becoming increasingly popular. Companies such as [BitcoinRD](#) (founded in 2015) offer crypto exchange services, and provide twelve BTC ATMs throughout the island.

[Athena Pay](#) offers ways for businesses to accept crypto while [Paxful](#), the biggest Bitcoin P2P in the country, offers exchange and educational services. Both companies are consolidating their space in the Dominican Republic economy by providing innovative services that foster financial inclusion, [one of the six strategic objectives](#) of the [Superintendency of Banks of the Dominican Republic](#).

REGULATION

The Dominican Central Bank issued a [statement on crypto and virtual currencies in September 2021](#), emphasising that crypto assets do not have the support “or the authorisation of the Monetary Board for their issuance and use as a means of payment to carry out transactions of any kind; meaning that they do not have legal tender or

liberating force of public or private obligations throughout the national territory.”

The statement also repeated the 2017 text, which indicated that “the regulated institutions of the national financial system are not authorised to use or carry out operations with them (crypto assets) within the Payment System of the Dominican Republic. [...] Any person who acquires this type of virtual asset, either by way of investment or with the interest of using it as a means of payment, as well as anyone who accepts them as a form of payment in commercial transactions, will do so at their sole risk.”

By contrast, the Governor of the Dominican Republic Central Bank, Héctor Valdez Albizú, expressed significant interest in CBDCs in 2021. [He said](#) the Central Bank was completing its analysis and exploration of the monetary impacts and functionality of CBDCs. In the same year, Albizú said the Dominican Republic maintains a digital agenda and [proposed the creation of a Digital Money Financial Innovation Hub](#), to address subjects such as instant payments, cross-border payments and a digital identity that improves the country’s economy.

The Dominican crypto market remains a grey area, since no further official statements have been disclosed by the [BCRD](#) since then. However, during the [XXII Latin](#)

[American Congress of Technology and Innovation in 2022](#), Albizú highlighted the need for an [exhaustive regulation process](#) before considering the adoption of any cryptocurrency in the country, and that this should be issued and managed by regulated entities inside the Dominican financial system. The Central Bank Governor said the entity is collaborating with international organisations such as the IMF to work on the subject.

Despite the Central Bank’s restrictive stance on the crypto market, law enforcement of the sector has been lax. Companies and individuals, in compliance with AML and international standards, have started utilising/accepting crypto, allowing the market to slowly take shape and develop in recent years.

However, government scrutiny has been intense in notable cases, such as the [bankruptcy of Harvest Trading Cap](#), a popular Dominican company that could not afford to return its client’s money after the capital flight generated by Bitcoins began plummeting in early 2022.

KEY PLAYERS

[Bitcoin Dominicana](#), [BitcoinRD](#), [Paxful](#), [Athena Pay](#), [LACChain](#)

ECUADOR

ECOSYSTEM

Ecuador is ranked 43rd in the [2023 Global Crypto Adoption Index](#) and 5th in Latin America, down from 18th globally in [2022](#). According to [Triple A](#), there are currently 695,148 crypto owners in the country, equivalent to 3.82% of the population.

Ecuador adopted the US dollar as its currency in 2000 and has experienced relative economic stability since then. The country is one of the most remarkable show-cases of prominent crypto adoption in Latin America as of January 2024.

Responsible for producing over [30% of the world's bananas](#), Ecuador ranked 5th amongst Latin American countries on cryptocurrency value received between June 2022 and July 2023, with several billion dollars flooding the Ecuadorian economy in this period, according to the [2023 Geography of Cryptocurrency Report](#).

The fish and shrimp market, a traditional pillar of the Ecuadorian economy, has been reaping the benefits of this technology. The market is strikingly dependent on two factors: traceability and awareness of product origin. [The use of blockchain technology has enabled considerable market growth](#) over the last decade, as highlighted

by [the Sustainable Shrimp Partnership \(SSP\)](#), celebrating its achievements in partnership with IBM Food Trust for the last 5 years.

As of March 2024, only one [Crypto ATM](#) is operational in Ecuadorian territory, situated in Cuenca. It currently allows people to buy a variety of cryptocurrencies, according to [Coin ATM Radar](#), although, as disclosed by [Coinmap](#), 36 establishments accept crypto as payment. [Ernst & Young Global Limited](#) published a [case study](#) of an Ecuadorian energy production company that implemented Blockchain throughout its entire production and transmission chain, focusing on the operation's carbon footprint. Its internal systems were promptly upgraded after implementing [DEEP \(Digital Energy Enablement Platform\)](#). This enables the company to trace the carbon footprint of every sector of the production chain and obtain much more data to increase transparency, security and data processing quality/capacity, while reducing costs.

In February 2023, Ecuador became the first Latin American country to [apply Blockchain technology to its electoral process](#), specifically to transparency records and audit systems. This was the result of a partnership between Ecuadorian company Eminkatech and [ZEYO](#), a Chilean company with representation in the country. The same service providers went on to work with the [National Electoral Council \(CNE\)](#) during October 2023 presidential elections.

Among the largest companies currently using crypto in the country is Despegar, a Peruvian company that is one



of the main tourism service providers in Ecuador. This is notable in a country where almost 30% of the banked population has already made some type of cryptocurrency-related transaction, according to [Minsait Payments](#).

Ecuador has hosted a few relevant crypto and blockchain-related events, the most notable being [The Road to Blockchain Week](#), last held in May 2023 featuring talks on regulation, DeFi, implementation in Ecuador, security and decentralisation. The event was hosted by [ETH Tricolor/ETH Ecuador](#), Ecuador's biggest blockchain and crypto-related community, which recently announced [it is becoming a DAO](#).

REGULATION:

The Ecuadorian government's legal approach to cryptocurrencies, especially Bitcoin, is characterised by cautious pragmatism. The Central Bank of Ecuador [first announced](#) that cryptocurrencies are not authorised as a means of payment in 2018. However, [the bank acknowledged the legality of purchasing and selling cryptocurrencies](#) online. This stance was further reinforced by [Article 94 of the Organic Monetary and Financial Code](#), which explicitly [denies the status of legal tender](#) to Bitcoin and similar digital currencies.

This legal framework delineates the boundaries between permissible cryptocurrency trading and their restricted use as a conventional exchange medium, exposing outward conceptions among the Ecuadorian people when it



comes to cryptocurrency, predominantly as an [alternative investment option rather than a day-to-day means of payment](#). At any rate, the general adoption of cryptocurrencies in the country is pushing the Ecuadorian government to find a balance between fostering innovation in the financial sector and protecting the country's fiscal interests.

Ultimately, on August 21st 2023, the Monetary Policy and Regulation Council issued a [Resolution](#) on digital wallets, showcasing a series of requirements for Ecuadorian companies when offering such products on the market. It notes that only entities with a specific permit should offer digital wallet services, and emphasises the need for

continuous immediate availability of funds for the holder.

The resolution also goes over the auxiliary payment systems utilised for liquidation between different players of the financial sector on the channelling of remittances, the reach and powers for deposit and digital payment firms, besides creating a sandbox with the private sector and granting temporary permits for selected companies to operate and test the technology.

KEY PLAYERS:

[ZEYO](#), [Ethereum Ecuador](#), [Road to Blockchain Week](#), Ernst & Young, eToro, Deribit, IBM Food Trust.

EL SALVADOR

ECOSYSTEM

El Salvador has been actively creating incentives to foster crypto adoption since 2021, successfully attracting businesses and tourists to the country. However, the country has had difficulties fostering adoption amongst its own citizens.

It will be interesting to see how the 2021 [Bitcoin Law](#) will be affected by the 2024 bull market and impact the ecosystem. El Salvador came in [95th in the 2023 Global Crypto Adoption Index](#), dropping from 55th in 2022. This is due to the small overall adoption rates in the population and the addition of DeFi as a criteria into the Global Crypto Adoption Index.

El Salvador's [inflation rate was 1.23% in 2023](#), and the remittance volume was [US\\$8.18 Billion](#), a [4.63% increase compared to the previous year](#) at almost 30% of the country's GDP.

Despite crypto-friendly regulations, El Salvador is experiencing a paradox, as illustrated by the remittance landscape. While remittances are growing through traditional finance channels, [crypto remittances have dropped](#). The Central Bank of El Salvador reported that remittances in crypto fell to US\$82.93 million in 2023 from US\$116.4



million in 2022, in contrast to the historical high of US\$8.18 Billion in overall remittances.

El Salvador's cryptocurrency venture, led by President Bukele, has experienced a [dynamic trajectory](#). Initially investing US\$100M in Bitcoin and US\$275M into the launch

of the Chivo wallet, while also accepting Bitcoin as legal tender, indicated a strong push towards integrating cryptocurrency into the national economy. Despite initial setbacks with the wallet, low adoption rates and criticism over governance practices, [recent profitability of Bitcoin investments](#), tourism growth, and the expected bull



market suggest potential upturns in 2024 and 2025.

President [Nayib Bukele](#) secured his reelection on [Feb 4th 2024 and will remain President for five more years](#). He will face many economic challenges and is betting big on crypto as a way to bring prosperity to his country by becoming a financial hub in Latin America.

Bukele's investment in Bitcoin is now profitable, accumulating [around 2,464 BTC](#). According to the [“Nayib Tracker”](#) website, the Bitcoin investment is currently worth US\$122.011 million. The overall investment is running on a profit of around 57.28% at the time of writing (March 6th,

2024), equivalent to approximately US\$69.576,138 million. The current DCA (dollar cost average) of El Salvador's Bitcoin investment is at US\$42.548,37.

In December 2023, the El Salvadoran congress approved all [regulatory infrastructure for Volcano Bonds](#), which will [purchase US\\$500M worth of Bitcoin, funding a mining industry based on renewable energy and paying investors 6.5% annually](#).

A notable aspect of El Salvador's crypto strategy is the introduction of an investor visa program. [The Freedom Visa program aims to attract crypto entrepreneurs by](#)

[offering permanent residency in exchange for a US\\$1M investment in Bitcoin or USDT](#), creating a conducive environment for blockchain innovation and crypto-related businesses. Investors in the Volcano Bonds with US\$100k are eligible for citizenship after 5 years of residency.

Overall, while El Salvador faces financial challenges, including debt negotiations and market uncertainties, its commitment to fostering a crypto-friendly environment could set a precedent for other countries exploring similar initiatives.

If Volcano Bonds succeed, they will set the stage for other countries with a similar profile to El Salvador to implement alternative money-raising initiatives - from building a friendly regulatory framework for crypto to accessing capital markets and developing a public policy to incentivise web3 development.

[Many companies are investing in El Salvador as a result of its crypto-friendly regulations](#): the Central Bank states that 59 cryptocurrency and blockchain companies currently have registered offices in the country. Examples include [Bitfinex Securities](#), [Strike](#), and crypto trading platform [Paxful](#), which opened [“La Casa del Bitcoin,”](#) a Bitcoin educational centre in El Salvador, enabling free learning opportunities related to Bitcoin. However several companies and investors left the country last year [complaining of poor execution and a “lack of momentum”](#).

Apart from attracting businesses, tourism is also growing.



The number of visitors to El Salvador rose by 43% in 2023, compared to 2022. Tourism also grew at Bitcoin Beach, perhaps the first genuinely positive outcome of the Bitcoin Law.

These developments are very promising, and close attention should be paid to what is happening in El Salvador since it is already [having a significant impact on other Latin American countries, like Brazil, Paraguay, Costa Rica, Panama and even Cuba.](#)

Despite Nayib's crypto-friendly policies, sometimes the President flirts with authoritarian practices which are incompatible with the Bitcoin community that upholds values such as freedom and self-determination. Practices such as [arresting people](#) because of their tattoos, trying to [silence journalists](#), and [replacing judges and the country's general attorney](#) have made the crypto community sceptical about the President.

REGULATION

The government passed the [Bitcoin Law in 2021](#), making El Salvador the first country in the world to officially adopt the Bitcoin Standard. The friendliest crypto ecosystem in Latin America [will stay committed to the crypto movement following Bukulele's reelection.](#) Legislation took effect on September 7th 2021, and Bitcoin has been legal tender since then. Due to its legal tender status, no capital gains have been applied to Bitcoin.

A bill to [fully adopt crypto assets](#) has been [approved by](#)

[Congress in December 2023](#), aiming to make [El Salvador a Hub of Crypto Innovation](#). The legal framework establishes the creation of the National Commission for Digital Assets and the Bitcoin Funds Administration Agency, which will manage, safeguard, and invest funds from public offerings of digital assets carried out by the government.

As the legislation states, "The purpose of this law is to establish the legal framework that grants legal certainty to transfer operations to any title of digital assets used in public issuance offers." The bill creates the legal basis for the Volcano Bonds.

Another regulatory incentive was passed on April 19, 2023, when the National Assembly passed the "Law for the Promotion of Innovation and Manufacture of Technology." The law grants a 15-year exemption from income and capital gains taxes, municipal taxes on company net assets, and duties and taxes on imports of raw materials, machinery, equipment, and tools needed for new technology-related investments.

It is well worth following the regulatory and ecosystem developments in El Salvador. The regulatory landscape is in place, meaning the country should receive a considerable capital inflow during the next bull run (2024 - 2025).

KEY PLAYERS

El Salvadoran government, Chivo Wallet, Bitcoin Beach, Strike, Blockstream, AlphaPoint, Paxful, Algorand, Bitso, BitGo, Koibanx, Bitfinex Securities, Athena Bitcoin.

“We are delighted to be able to announce the launch of Bitfinex Securities in El Salvador. This is not only an important market for Bitfinex given its adoption of Bitcoin as legal tender and the fostering of a Bitcoin-based economy, but it also gives El Salvador the opportunity to attract global investment flows, as issuers put out competitively priced securities offerings.”

Paolo Ardoino, Chief Technology Officer of Bitfinex Securities.



GUATEMALA

ECOSYSTEM

Guatemala ranked 104th in the [2023 Chainalysis Global Crypto Adoption Index](#), down from 69th in the [2022 Index](#). [Triple-A](#) points out that there are currently 256,432 crypto owners in the country - amounting to 1,42% of the population, around 0.2% less than the previous year's count.

Crypto adoption in Guatemala is growing via a grassroots approach, and it's interesting to see it unfolding. [Inflation rates reached 4.18% in 2023](#), which is reasonable for a Latin American country. If currency devaluation isn't an adoption driver, what's driving Guatemala's grassroots adoption? [Trust in the presidential elections](#) and [high transaction fees from international payments](#).

Guatemala's [application of blockchain technology ensured trust, immutability and transparency in the 2023 Presidential elections in Latin America](#). The Supreme Election Tribunal (TSE) used the Bitcoin network and [SimpleProof](#) solutions to create timestamps on every vote while registering them on the blockchain. Surprisingly, the [election was won by Bernardo Arévalo, who ran on an anti-corruption ticket](#). The UNE party, which lost, claimed that the election was fraudulent and posted fake evidence on social media. The TSE and the population could



then verify on the Bitcoin Blockchain that the evidence provided by UNE was false.

[When it comes to high transaction fees, Bitcoin Lake, created in the Lake Atitlán region and inspired by Bitcoin Beach in El Salvador, has emerged as an actual cryptocurrency-based circular economy](#). As a tourist destination

with frequent visits by foreigners, Guatemala businesses face high transaction fees from credit cards (from 5 to 10%) when accepting international payments. That's when crypto payments come into play. Bitcoin payments can be low-cost when included in the lightning network (less than 1% in fees), and this incentivises vendors to accept crypto.



In the Panajachel area, nearly 70 businesses were onboarded and [MyFirstBitcoin curriculum](#) was implanted at a local educational centre. Plus, [Centro Educativo Josué](#) and [“Bitcoin boats”](#) take people from one point of the lake to the other, nicknamed “Pier-to-Pier”, a reference to Peer2Peer. [At Bitcoin Lake, there are even sustainable mining initiatives, such as using recycled cooking oil to mine Bitcoin.](#)

Currently, in Guatemala, around 50% of the population are unbanked and live below the poverty line. In Pana (the region surrounding the Bitcoin Lake project), [more than 90% of the shops that accept Bitcoin are unbanked](#), showing clearly how crucial the existence of an alternative financial system is for communities to exist and prosper.

[Bitcoin Lake](#) is an living example of Blockchain adoption providing economic development and financial inclusion, especially in a region with very limited access to financial services and banks. The Bitcoin Lake grew organically during a bear market and registered [4,764 transactions in 2022, a total volume of 7.39 BTC.](#)

REGULATION

[No laws or regulatory guidelines are in place for cryptocurrencies in Guatemala.](#) In [a virtual forum](#) held on July 8, 2021, Erick Vargas, Superintendent of Banks, asserted that cryptocurrencies are not supported by the State of Guatemala, as they are not legal tender in the country; nor are they considered currencies. As it stands, Guatemalan individuals and companies that opt to use

this technology are completely [unprotected and vulnerable when it comes to legal recourse and support.](#)

On the other hand, the absence of a law prohibiting or regulating cryptocurrencies has created space for merchants to accept them as a form of payment, so much so [exchange houses for crypto](#) can be found in some Guatemalan shopping malls, as well as in prospering circular economies such as Bitcoin Lake.

At an economic forum in September 2021, a week after El Salvador implemented its Bitcoin Law, Vice President of the Central Bank of Guatemala José Alfredo Blanco announced a [plan to launch a national cryptocurrency](#) and issue a local digital currency called iQuetzal. He added that the committee on the Central Bank Digital Currency (CBDC) was only formed six months prior to the announcement and that the investigation phase of a CBDC study would take a long time. As of March 2024, the Central Bank of Guatemala is still in an investigational phase for the CBDC project.

We expect a friendlier regulatory stance from the Guatemalan government regarding Bitcoin and blockchain technology due to its successful application in the elections and the grassroots adoption happening in the country.

KEY PLAYERS

[Bitcoin Lake](#), [Centro Educativo Josué](#), [Simple Proof](#), [Coincaex](#), [Asociación Centroamericana de Usuarios de Criptomonedas](#), [IBEX](#)

“[...] In short, there is everything and more in Bitcoin Lake, and it is still so early! But the feeling we have is that there is a lot of curiosity in the streets. When we stopped to talk about Bitcoin with locals, we always sensed a keen interest. They often asked us questions, they wanted to know more. [...] At Bitcoin Lake, we were only a few hundred miles further north than El Salvador, but a totally different wind seemed to be blowing. We have no doubt that this will soon be a very popular destination among Bitcoiners. After all, why would anyone visiting Bitcoin Beach in El Salvador not spend a few days here as well? There are private buses that directly connect El Tunco, the town right next to El Zonte, with Lake Atitlán. It only takes a few hours of travel time, is an extremely inexpensive transportation option and you will pass through majestic landscapes, travelling along safe roads.”

Riccardo Giorgio Frega - Co-host of Bitcoin Italia podcast and Bitcoin Explorer



HAITI

ECOSYSTEM

According to [Triple A](#), there are 108,882 crypto owners in Haiti, corresponding to 0.93% of the population, down from 1.30% in 2022. As the [poorest country in the Western Hemisphere](#), Haiti faces disparate poverty and crime-related problems that have been partially addressed by some blockchain initiatives, [but are still far from being resolved](#).

The country ranked 87th in the [2023 Global Crypto Adoption Index](#), surprisingly advancing 45 positions from 132nd place in the [2022 edition](#), as blockchain technology and cryptocurrencies are slowly bridging the gaps for international aid to reach Haitians.

Back in 2019, the [Bank of the Republic of Haiti \(BRH\)](#) announced its plan to create a central bank digital currency (CBDC). The main idea behind the move was to improve domestic payment systems and promote financial inclusion in the country. The project has slowed down since then due to political turbulence, but has not been shuttered completely.

The current harsh economic situation opens doors for potential solutions, and blockchain technology is currently being applied across different sectors of the Haitian economy. A notable example is the work being done by the



[Smallholder Farmers Alliance](#), known as the [Blockchain Cotton Project \(BCP\)](#).

The BCP helps local cotton farmers use blockchain to register the supply chain process, making it possible for them to reach US companies. Companies can also check the origin and transport of the products, setting up a sustainable, profitable regenerative cotton pilot that

attends to local Haitian necessities and culture.

Another interesting initiative is the [BDI project](#), a blockchain solution for traceability and payments, allowing direct payments to farmers. The project marks the first time that the World Bank used this approach to support farmers, allowing them to access foreign markets and boost their income.



[Hope for Haiti](#) is an organisation that accepts donations in crypto and [uses blockchain technology to send resources](#), in a cheaper, more transparent and quicker way, to families in need back in Haiti. After the 2021 earthquake, [Hope for Haiti received support from Binance Charity and Coinbase](#), raising more than US\$150,000 in donations.

Unfortunately, crypto has also had its fair share of bad news in Haiti. In September 2023, [the EminiFX Ponzi Scheme was investigated and arrests were made](#). This fraudulent, illegal activity claimed more than 25,000 victims in Haiti, with US\$153M withdrawn from user funds.

Ultimately, [Blockchain technology is present but still struggling to break through](#) and play its role in fostering market development, helping financial aid reach the population and increasing financial inclusion in Haiti. The seeds have been planted, and the increase in adoption from last year highlights how effective cryptocurrencies can be in generating a major shift, especially in this extremely impoverished environment.

REGULATION

Currently, there are no cryptocurrency-specific regulations or legislation in place in Haiti. The most recent [announcement, made in 2018 by the Bank of the Republic](#)

[of Haiti \(BRH\)](#), states that cryptocurrencies are not legal tender in the country despite recognising the importance of technological innovations for economic growth and cautioning players about related risks.

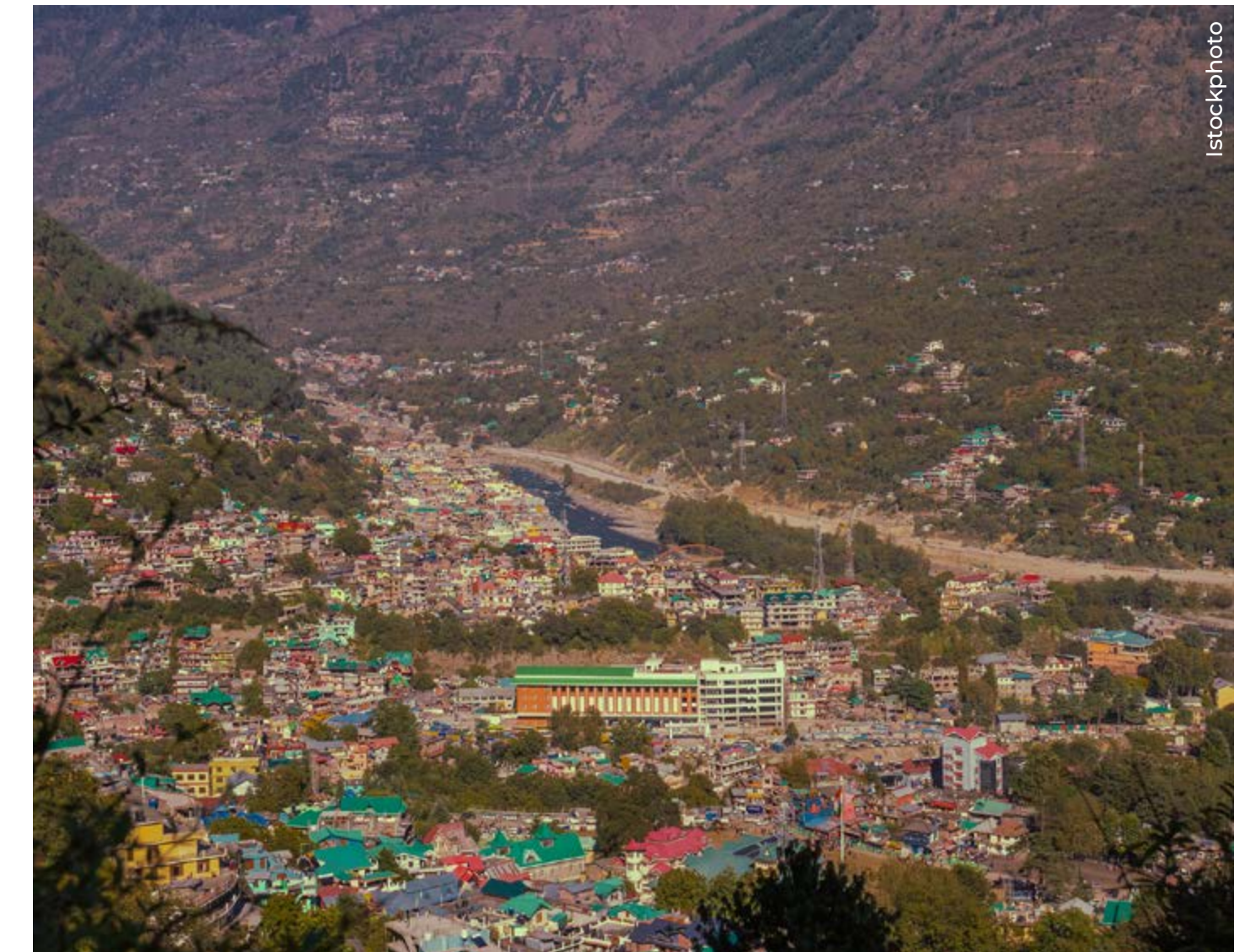
On May 17th 2022, the Bank of the Republic of Haiti [published a notice](#) clarifying that it had yet to identify a company as its tech provider for the CBDC project. It also [released a note](#) on May 26th 2022, with an update on the work group created to develop the country's Bitkòb.

Its activities include the implementation of the National Payment Processor (PRONAP), work related to the implementation of the Bitkòb project, the realisation of the Financial Inclusion Map and the Lista Concept - digital support for financial education.

During the 8th edition of the Fintech Summit in April 2023, the BRH [disclosed](#) the logo of the digital Gourde, Haitis' project of a retail CBDC, named after a national pool as Bitkòb. In the meantime, the country's central bank is working on the Haitian CBDC project.

KEY PLAYERS

[Smallholder Farmers Alliance](#), [Hope for Haiti](#), World Bank, Binance, Coinbase.



ACCORDING TO TRIPLE A, THERE ARE 108,882 CRYPTO OWNERS IN HAITI, CORRESPONDING TO 0.93% OF THE POPULATION, DOWN FROM 1.30% IN 2022. AS THE POOREST COUNTRY IN THE WESTERN HEMISPHERE, HAITI FACES DISPARATE POVERTY AND CRIME-RELATED PROBLEMS THAT HAVE BEEN PARTIALLY ADDRESSED BY SOME BLOCKCHAIN INITIATIVES, BUT ARE STILL FAR FROM BEING RESOLVED.

HONDURAS

ECOSYSTEM:

A recent [Triple A report](#) states that there are currently 234,951 crypto owners in Honduras - equivalent to 2.22% of the population, and an increase of 0.42% in 2022. [La Bitcoinera](#) currently provides 6 crypto ATMs in the country, while according to [AmityAge](#), more than 55 businesses accept crypto in the northern island of Roatán. The country is ranked 105th on the [2023 Global Crypto Adoption Index](#), down 15 positions from the [2022 version](#). And a recent regulatory ban is putting the country's crypto-friendly initiatives at risk.

On February 19th 2024, [Honduras' CNBS regulator](#) [banned the country's financial system from trading cryptocurrencies and virtual assets, alleging risks of fraud and money laundering](#).

This regulation will potentially hinder many notable grassroots projects, such as the [Bitcoin Valley](#), where a small town in the mountains called Santa Lucia, located 20 minutes from Tegucigalpa, started integrating cryptocurrencies into its economy. The project initially targeted 60 local businesses trained by [Decentral Academy](#), while Coincaex provides [Bitpos](#) devices for them to accept Bitcoin as a means of payment. The Bitcoin Valley project aims to educate the community on the use and

management of cryptocurrencies, as well as generate crypto-tourism.

Another initiative at risk is in the municipality of [Valle de Ángeles](#), a nearby citadel and one of the biggest tourist

destinations in the region, which has also started embracing Bitcoin with an initial target of 22 businesses. The citadel is a great example of how [the community and even the local authorities are adopting](#) Bitcoin as a way to foster tourism, economic growth and inclusion in Honduras.



Honduras' first and biggest educational crypto project is [AmityAge Academy](#), founded in March 2022. It aims to show people how to use Bitcoin in a practical way, inform them on potential cryptocurrency offers, [attract local businesses to the cryptosphere](#) and foster a crypto community in Honduras, and on Roatán Island in particular.

The academy also [promotes different types of crypto-related experiences](#) such as sports events, brunches, game and movie nights, boat parties, meetups, [and crypto tours throughout the island](#). AmityAge [also has a mining operation in Paraguay](#), whose energy costs are the lowest in the region, which is directed toward the European market with the purpose of financing their educational services.

Another flashy but controversial initiative is [Próspera](#), a private city conceived and run by an American company of the same name. Próspera was inaugurated in 2020 and has [recognised BTC as valid tender](#) within the city. The city has its own political system at judicial, economic and administrative levels, as well as permissive tax exemptions for income, capital gains, property, contracts and municipal taxes.

Próspera was first launched in 2013, backed by then-president Porfirio Lobo, who took over after the government of Manuel Zelaya was ousted in a 2009 military coup. In 2022, under the presidency of Xiomara Castro, wife of the ousted president Zelaya, Honduras began repealing laws that allowed Próspera to operate autonomously from national laws and taxes, leading to investor concerns.

In response, Próspera sought legal arbitration under the Dominican Republic-Central America Free Trade Agreement, [filing a claim with the International Centre for Settlement of Investment Disputes \(ICSID\) for US\\$10.8 billion in compensation](#). This substantial claim, amounting to nearly two-thirds of Honduras' 2022 national budget, prompted the country to [consider withdrawing from the ICSID](#) system.

The proposed ZEDE (Zone for Employment and Economic Development) has been facing resistance since its initial approval. [Hondurans who live near Próspera are unhappy](#), given that the city was also given the right to expand in the future. Neighbouring [community leaders](#) say they are afraid of losing their homes, and were never consulted on any kind of project adjacent to their community.

In Honduras, crypto adoption was at its peak until 2023, with entire communities embracing crypto and even scale investments and projects being run in the country. But the new regulation from the Honduran CNBS is sure to check this activity.

REGULATION

The recent ban from [Honduras' CNBS regulator, alleging risks of fraud and money laundering](#), is set to weaken the country's crypto ecosystem.

There is still hope that crypto-friendly regulations will emerge from the Próspera ZEDE. In the ZEDE, Bitcoin is recognised as a valid tender and as a unit of account.

However, the struggle between Próspera and the Honduran Government is still ongoing, so we suggest waiting for the next chapters to unfold.

In March 2022, the Honduran Central Bank (BCH) stated [in a press bulletin](#) that they had commenced feasibility studies into building their own CBDC.

The BCH also clarified that it does not supervise or guarantee any operations made using cryptocurrencies on national territory, and that all the risks and responsibilities of transactions made using this technology fall to the individuals involved.

Almost two years later, the topic came up once more after the [BCH released a public survey](#) to gauge public opinion on the issuance of a CBDC. In 2023, the BCH also sought technical assistance from the IMF, which resulted in the formulation of a document called [“The future of money and payments in Honduras, which path to pursue?”](#), addressing subjects such as the issuance of a CBDC, implementation of an instant payment system, regulation on stablecoins and the improvement of current systems.

KEY PLAYERS

[Blockchain Honduras](#), [BUIDL Honduras](#), [Próspera](#), [Coincaex](#), [Bitpos](#).

MEXICO

ECOSYSTEM:

Mexico has a growing crypto industry that includes over 3.1 million crypto owners, or 2.5% of the population. Mexico was ranked 16th in the world and 3rd in Latin America in 2023, climbing from 28th in 2022 in the Chainalysis' Global Crypto Adoption Index. According to CoinATMRadar, as of February 2024, there are 63 crypto ATMs operating in Mexico.

Remittances are the major driver of adoption in the country. Mexico is the second largest beneficiary of remittances in the world, with the total figure reaching a record of US\$63 billion in 2023. These numbers represent a sizable opportunity for the crypto ecosystem, and many players are trying to access this market.

In 2023, Bitso processed US\$4.3 billion in the US-Mexico corridor, exceeding the US\$3.3 billion sent in 2022. The Mexican exchange grew by 60% in its Bitso Business division, which reached an annualised volume of 8 billion dollars globally.

Another big player that has entered the Mexican market is Coinbase. The US based exchange provider recently launched a pilot remittance in Mexico, which aims to facilitate crypto cashout and offer services up to 50%



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[cheaper than traditional cross-border payment methods](#). More recently, they launched their [Coinbase wallet which allows zero fee remittances for their user base](#).

The Mexican government has plans to launch a CBDC by [late 2024](#), following in the footsteps of Brazil and Peru.

Predictions have been made about the Mexican crypto ecosystem since 2020. A [Ponemon Institute study indicated that around 40% of companies in Mexico were eager to implement blockchain technology in some form](#), with 71% of those companies focused specifically on cryptocurrency usage.

[Grupo Salinas announced in 2023 that it would accept Bitcoin payments through the Lightning network](#). This announcement is significant, coming from the third biggest conglomerate in the country, whose businesses range from banks to retail stores, soccer clubs to TV channels - all owned by bitcoin enthusiast and billionaire Ricardo Salinas.

Communication companies are also adopting crypto: [Teléfonoica \(Movistar\) and Nova Labs will roll out blockchain-based mobile infrastructure in Mexico](#), and Teléfonoica will also [leverage](#) Helium Mobile Hotspots to expand its current coverage in Mexico City and Oaxaca.

A finance application for the bond market was announced in October 2023, as [Etherfuse](#), a platform attempting to improve decentralised blockchain infrastructure, [unveiled ‘Stablebond’, a tokenised bond offering, to retail investors in Mexico](#).

REGULATION

[The main regulation in place at the moment is the “Fintech Law”, which aims to provide guidelines for electronic payments, crowdfunding and digital assets in the country](#). Cryptocurrencies are recognised as digital assets, and thus as a legitimate means of payment and transactions. A regulatory sandbox is in place for innovative projects.

Banxico, Mexico’s Central Bank, is the central authority [overseeing cryptocurrencies](#). [The institution is currently analysing the regulation of cryptocurrencies in order to protect digital asset users](#). Banxico Governor Victoria Rodriguez Ceja stated that [“the use of cryptocurrencies” was “not supported by the Bank of Mexico”, but recognised that citizens have the “freedom to carry out operations with digital assets”, and that firms in the sector must respect “certain obligations to prevent money laundering”](#).

Crypto enthusiasts in the Mexican Congress include Senator Kempis Martinez who, after a visit to El Salvador, stated that [“adopting Bitcoin as a legal currency is an opportunity for national growth”](#).

Mexican legislators and tax authorities have remained silent on the tax status of cryptocurrencies, and as of yet, no tax rule in Mexico makes reference to cryptocurrencies of any kind.

Certain interpretations apply general tax provisions and make taxation rates applicable on [income tax, from 30 to 35%, 16% VAT on every transfer within Mexican territory \(but 0% if the buyer is outside of Mexico\) and 10% capital gains](#).

KEY PLAYERS

[Bitso](#), [Volabit](#), [Coinbase](#), [Ripple](#), [Banco Azteca](#), [Banxico](#), [Telefonica](#), [Helium](#), [Etherfuse](#), [Investment firms Exponent Capital](#), [Lvna Capital](#) and [GBM](#), [ConsenSys Academy](#) and [BIVA](#).

MEXICO HAS A GROWING CRYPTO INDUSTRY THAT INCLUDES OVER 3.1 MILLION CRYPTO OWNERS, OR 2.5% OF THE POPULATION. MEXICO WAS RANKED 16TH IN THE WORLD AND 3RD IN LATIN AMERICA FOR CRYPTO ADOPTION IN 2023



NICARAGUA

ECOSYSTEM:

The economy in Nicaragua is constantly cycling between recovery and ongoing setbacks such as natural disasters and high inflation. According to [Triple-A](#), there are 84,839 crypto owners in the country, equivalent to 1.20% of the population. Despite ongoing economic issues, the country ranked 94th in the [2023 Global Crypto Adoption Index](#), climbing 5 positions from the [2022](#) edition.

Following the 2018 crisis, several hurricanes and the COVID-19 pandemic, the Nicaraguan economy finally saw some respite in 2021, only to face new challenges the following year, with [a 10.5% inflation rise](#) and Hurricane Julia.

A volatile economy and high [dependence on remittances](#), which accounted for [28% of the country's GDP in 2023](#), has fuelled interest in financial alternatives, manifested by the slow but growing adoption of cryptocurrencies. However, only 15 businesses in the country currently accept crypto payments, according to Coinmap.

Blockchain initiatives in Nicaragua are still in their infancy, and primarily educational. Most notable is the [Blockchain Nicaragua](#) community, which educates and promotes the use of blockchain technology and cryptocurrencies.

The community offers online courses, presentations and debates, and organises [BlockTech](#), the biggest blockchain-related physical event ever held in Nicaragua. Its first edition, held in Managua in 2022, attracted over 150 people.

The [second edition of Blocktech](#), held in November 2023, covered diverse topics such as: how to use crypto in Nicaragua, blockchain traceability, the experience of working in an exchange, Web3 development and DeFi, alongside a discussion on security, topicality and community engagement by the Blockchain Nicaragua team.

Despite a strict current political regime, a lack of regulation and limited access to external markets due to the devalued Cordoba, some of the main centralised exchanges continue to operate in the country. The most notable examples are Binance, Kraken, CoinMama and CEX.io.

REGULATION

The legal status of cryptocurrencies in Nicaragua remains somewhat ambiguous. While there are no specific laws prohibiting or regulating their use, the [National Assembly approved](#) reforms to [Law n° 977/2018 \(Anti-Money Laundering and Counter-Terrorist Financing\)](#) in May 2021, addressing the regulation of remittances and currency exchange, and including [directives on fintechs and virtual currencies](#).

In this review, [Carlos Romero Rizo](#), a Nicaraguan Advisor in Financial Regulation, provides an in-depth analysis of legal pathways for businesses to accept cryptocurrencies within these parameters, navigating the nuances of the existing legal framework to elucidate compliant integration of cryptocurrency transactions in the country nowadays.

KEY PLAYERS

[Blockchain Nicaragua](#), [Blocktech](#), Binance, Kraken, CEX.io



PANAMA

ECOSYSTEM:

Panama experienced a striking economic downturn during the early days of the pandemic, primarily due to its service-oriented economy, with its [GDP](#) drastically contracting by 17.7% in 2020. However, it rebounded strongly in the following years, recording [growth rates](#) of 15.8% in 2021 and 10.8% in 2022.

The country ranked 97th on the [2023 Global Crypto Adoption Index](#), climbing 7 positions from the [2022 Index](#), and is currently the fifth Latin American nation with the most cryptocurrency ATMs (32), according to [CoinATMRadar](#), behind El Salvador, Mexico, Colombia and Puerto Rico.

Panama faces challenges such as poverty, unemployment and a [highly unbanked population](#) while also, interestingly, registering a very high internet penetration rate - a potentially fertile context for blockchain initiatives. According to [CoinMap](#), approximately 41 establishments in the country accept cryptocurrencies as a means of payment, with 34 of them located in Panama City.

[Massive protests](#) have been ongoing since October 2022 against the government and a Canadian copper mining firm that operates in the country and closed a deal to



[continue for at least two more decades, bringing further attention to financial alternatives such as Bitcoin](#) and resulting in the [deactivation of some Bitcoin ATMs](#) in Panama.

[One relevant player that has embraced the crypto/blockchain space in Panama is Towerbank](#). The crypto-friendly financial institution hosted [Bankathon 2023](#), where participants could present their ground-breaking solutions and earn the chance to collaborate with the bank on their development.

Towerbank was also the main sponsor for the [Blockchain Summit Latam 2023](#) in Colombia, where the company announced the release of a [Bitcoin wallet](#) called [Ikigii](#): clients will have the option to trade cryptocurrencies and redeem them for dollars through their own crypto-friendly bank account. The bank has a [standalone crypto division](#) and promotes multiple educational [events](#) in Panama.

In March 2024, Panama will host [Eth Canal](#), the first Ethereum based event in the country, with several international speakers set to attend.

While its cryptosphere is not yet the most diverse when it comes to local initiatives or general public adoption, Panama's landscape is conducive to increased adoption. Firstly, the dollar is the country's official currency, just like El Salvador. One way to fight inflation in Panama is to hedge the devaluation of the US dollar by purchasing Bitcoin, just like the El Salvadoran government did.

The approval of regulations currently being developed could result in high adoption rates and usage of cryptocurrencies in the Panamanian economy, possibly turning it into one of Latin America's [most relevant crypto hubs](#).

REGULATION:

Panama's 'Ley Cripto' or Crypto Bill was first [introduced in September 2021](#) by Congressman Gabriel Silva. However, President Laurentino Cortizo [objected to the bill](#) during a second debate in June 2022. He asked for adjustments to specific articles, such as adherence to international anti-money laundering regulations; expanding the definition of terminologies such as staking, DAOs and consensus; raising tax obligations; and designating a single agency (Superintendency of Banks) to regulate the market and exchanges within the country.

According to the legislation, Panamanians "may freely agree on the use of crypto assets, including without limitation Bitcoin and Ethereum" as an alternative payment for "any civil or commercial operation." The bill would also regulate the tokenisation of precious metals and the issuance of digital value. Furthermore, the digitisation of identity using blockchain or distributed ledger technology would also be explored by the government's innovation authority.

The bill was approved following the third debate. Still, Congressman Silva was displeased with many of the alterations and [tweeted](#) that the modified bill would set the country back in terms of competitiveness.

On October 28th 2022, the bill was sent to the office of the President, who had 30 business days to veto or approve it. On January 26th 2023, he then sent the bill to Panama's Supreme Court for review, claiming that the legislation [violates the constitution's core principles and is unenforceable](#).

In its July 2023 judgement, the [Supreme Court of Justice found that the bill was unconstitutional](#) on procedural and formal grounds because the National Assembly had failed to comply with the procedural rules dealing with vetoed bills. The Court did not make any determination regarding the actual content of the bill, holding that its unconstitutionality on procedural and formal grounds rendered the entirety of the bill unconstitutional, meaning further analysis is not required.

KEY PLAYERS:

[Towerbank](#), [Ikigii](#), [Eth Canal](#), [Eth Kipu](#), [We Dao Latam](#), [CAPATEC](#), [Enterprise Ethereum Alliance](#), [Colledge](#).

PANAMA RANKED 97TH ON THE 2023 GLOBAL CRYPTO ADOPTION INDEX, CLIMBING 7 POSITIONS FROM THE 2022 INDEX, AND IS CURRENTLY THE FIFTH LATIN AMERICAN NATION WITH THE MOST CRYPTOCURRENCY ATMS (32)



PARAGUAY

ECOSYSTEM:

Paraguay was [ranked 96th in the 2023 Chainalysis Global Crypto Report](#), down one position from the 2022 edition. [According to CoinATMRadar](#), [only 3 crypto ATMs operate in the country](#).

Paraguay's primary driver for adoption is its low energy rates, [averaging 0.033US\\$/kWh](#). Paraguay shares the Itaipú dam with Brazil, [which has an overproduction of 5500 MW of hydroelectric power](#). These power costs aren't just low - [they are also stable, having remained constant for 10 years](#). These factors are key when deciding on the location for crypto mining projects, and with the [upcoming Bitcoin halving](#), miners are relocating to countries that offer renewable and cost-effective energy like Ethiopia, Argentina and Paraguay.

For that reason, mining projects are flourishing in Paraguay. [Bitfarms began operating a 10 MW facility in January 2023](#) and purchased land to [expand a new operation of 100MW in Yguazu this year](#). Commons Foundation signed a deal to purchase 100 MW of energy from the Paraguay Electrical Authority in 2022. Bitcoin miner [Pow.er built its mining facility with a 12 MW capacity](#) and Sazmining [launched a mining operation of 5 MW](#), although it's now facing challenges due to energy curtailments.

Paraguay's main mining companies are [Qurubiqua](#) and [Penguin Infrastructure](#). The Penguin group signed a deal with Marathon Digital to expand their Bitcoin Mining facilities. [The group has an infrastructure unit, software development and an educational unit - the Penguin Academy](#), a startup that dedicates [20% of its profits to coding bootcamp programs for low-income Paraguayans](#).

Along with mining companies, the ecosystem is starting to gain traction. [Crypto Summit del Sur is an annual conference held its third edition in February 2024](#). Businesses are beginning to [accept crypto, including Grupo Cinco](#), which describes itself as Paraguay's largest entertainment company. In a [statement](#), the company said [they will accept Bitcoin, ether, shiba inu and chiliz as payment for concert tickets](#).

Meanwhile, companies like [Signatura.co](#) are using blockchain for ID verification, signatures and certifications. [X4T is a Paraguayan exchange provider that mixes centralised and decentralised features](#).

The Paraguayan ecosystem should grow and evolve around the crypto mining industry, although failure to pass a crypto law may slow the entry of new companies into the country.

REGULATION:

[Paraguay's government came very close to regulating cryptocurrencies in 2022](#). A bill was proposed and approved in both the Senate and the Deputy's chamber.

Still, it was duly vetoed by President Mario Abdo Benitez, who stated that [crypto mining consumes lots of energy and doesn't employ many people](#). As it stands, the country has no clear rules for crypto-related activities.

In May 2019, the Paraguayan Central Bank issued a [release](#) reiterating that the only official currency in the country is the guaraní, warning investors and the general public about cryptocurrency use.

KEY PLAYERS:

Bitfarms, Pow.er, Commons Foundation, Cripex, Gobit SA, Casa Bitcoin, Signatura.co., Grupo Cinco, University in Paraguay, Sazmining, X4T



PERU

ECOSYSTEM:

Peru ranks 49th in the world and 6th in Latin America on the 2023 Crypto Adoption Index, down from 35th world-wide in 2022.

The country has more than US\$20 billion in total crypto value, of which around 30% comes from P2P transactions, as well as 51 crypto-friendly businesses registered on Coinmap (down from 91 in 2022) and 5 crypto ATMs (down from 7 in 2022) according to Coin ATM Radar.

Triple A estimates that over 1.28 million Peruvians, or 3.83% of the country's population, own cryptocurrencies.

As in many other Latin American countries, inflation and monetary instability have led to a growth in blockchain initiatives and crypto adoption. With an annual inflation rate decreasing from 8.45% in 2022 and then to 3.24% in 2023, coupled with the 2022-23 bear market, adoption rates have been slowing down.

While there is a growing interest and adoption among the tech-savvy population, there remains a significant portion of the populace that is either unaware or sceptical of cryptocurrencies, highlighting the need for comprehensive awareness and education efforts.



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Blockchain Association Peru (ABPE) launched in October 2021 and currently counts [1,044 crypto enthusiasts on their meetup page](#). The Association channels efforts in the blockchain adoption process and interacts with government, private sector and academic entities to regulate the correct use of Blockchain technology in the country. The ABPE also promotes several blockchain initiatives, use cases and solutions so that they can be applied to other public or private institutions.

Inspired by the Bitcoin Beach proposal in El Salvador, the Peruvian NGO [Motiv](#) is working on establishing circular Bitcoin-based economies in 16 towns in the country - three are based in the capital city of Lima, while others are remotely located. [The institution receives crypto donations to support their work, and won several awards in 2023.](#)

By teaching participants how to create and use a digital wallet, encouraging merchants to pay staff in Bitcoin, incentivising wholesalers to accept it as a means of payment, and teaching entrepreneurship to locals, the NGO stimulates Bitcoin use and adoption within the community, reducing dependency on traditional banks.

REGULATION:

Bill No 1042/2021-CR, also known as '[Ley marco de comercialización de criptoactivos](#)' (Core law of crypto assets commercialisation), proposes to regulate companies that offer services pertaining to the use and exchange of digital assets and cryptocurrencies through technological platforms.

The bill was presented in December 2022 by legislator José Elías Ávalos, and is currently under review. The bill grants bitcoin a status of "asset with accounting value" and names investors as primarily responsible for their actions when using digital assets. In addition, the bill proposes the creation of a public registry of crypto service providers and a tacit and mandatory commitment to report "suspicious operations" to the Financial Intelligence Unit. Unlike in El Salvador, cryptocurrencies would not be considered legal tender.

The Central Reserve Bank of Peru (BCRP)'s plan to launch its own digital currency is under development. After launching their [CBDC white paper](#), the BCRP now [has the help from the International Monetary Fund](#). The next

phase is to engage stakeholders, including representatives of the financial services, fintech and technology sector to gather feedback and advance to the pilot phase.

[Peru has a more cautious approach compared to some of its neighbours. While open to the potential of cryptocurrencies, the government emphasises consumer protection and is keen on establishing a robust regulatory framework before fully embracing the crypto industry.](#)

KEY PLAYERS:

Agente BTC, Buda.com, Buenbit, Cripto Bank of Peru, Binance, Kraken, Pachacuy, Qolkrex, Kaytrust Criptovision, Kindly, Unisuam, Fireblocks, Cryptometales, Algorand, CoinCaex, Sumara Hub Legal, Adolfo Ibañez University, Metary, Buenbit.com, EY, Sura Gaming, Axie Infinity

PERU RANKS 49TH IN THE WORLD AND 6TH IN LATIN AMERICA ON THE 2023 CRYPTO ADOPTION INDEX, DOWN FROM 35TH WORLDWIDE IN 2022.

PUERTO RICO

ECOSYSTEM:

Puerto Rico currently ranks 122nd on the [2023 Global Crypto Adoption Index](#) after not being included in the [2022 Index](#) and being ranked 119th in the [2021 version](#). The island is a haven for crypto investors, events and initiatives, although [41.7% of its population](#) still live beneath the poverty line. Puerto Rico's situation is further complicated by economic struggles with unemployment, inequality and only [1.6% growth on their Gross Domestic Product](#).

[Triple A](#) estimates that 36,235 Puerto Ricans owned crypto in 2022, roughly 1.28% of the population; no ownership data was disclosed in 2023. The country has 44 crypto ATMs and 39 businesses that accept crypto, according to [Coin ATM Radar](#) and [Coinmap](#).

Puerto Rico's status as a non-incorporated territory of the US, with its own tax framework, opens up a range of possibilities when it comes to the development of a blockchain/crypto market on the island, especially after the issuance of "[Ley 60](#)" in 2019, which offers many tax incentives including up to 0% capital gains tax for island residents.

One of the most notable institutions working to build an inclusive community and propel Puerto Rico to the

forefront of blockchain innovation is the [Puerto Rico Blockchain Trade Association \(PRBTA\)](#). Every year, the organisation hosts the biggest blockchain-related event on the island, Puerto Rico Blockchain Week.

The [last edition of the PRBW](#) took place in December 2023, featuring more than 60 speakers, and [brought together](#) investors, traders, family offices and digital currency funds, as well as conferences and satellite events with participants from the island and abroad to discuss and develop Web3 initiatives.

The [PRBTA](#) also runs other initiatives such as UPR Rio Piedras, SME Digital Innovation Forum, Porsche NEXT Innovation Forum, [InnovAcción](#) and [Crypto Curious](#). The focus here is on educating and engaging the community to understand and utilise blockchain technology, crypto-assets and Web 3.0.

[CoinAgenda](#) is another important event which has been happening on the island for the past seven years, and is key to the Puerto Rican ecosystem. In addition to playing a big part in Puerto Rico Blockchain Week, CoinAgenda also hosts Web3 and Blockchain conferences all over the world, [playing a vital role in the Caribbean region](#).

One of the biggest blockchain-based companies currently operating in the country is [OpenCarbon](#), an enterprise NFT marketplace for carbon credits. Their platform delivers SEC-compliant, carbon-offset financial products to source, construct, manage and retire large-scale complex



carbon asset portfolios. OpenCarbon is a use case that connects to basically every sector of the economy and is relevant to both present and future contexts.

One important step for the Puerto Rican community was the [collaborative agreement](#) between the National Puerto Rican Chamber of Commerce and the Puerto Rico Blockchain Trade Association, to promote crypto literacy on the island and mainland US, as well as create networking opportunities while supporting each other's projects and initiatives. The partners are also focused on [spreading the word on Ley 60](#), to encourage further crypto adoption in Puerto Rico.

The PRBTA has also been establishing [partnerships with several educational institutions](#), such as the Puerto Rico Techno Economic Corridor (PRTEC), the University of Puerto Rico Mayagüez Campus (RUM) and, most recently in December 2023, with the Ana G. Méndez University (UAGM), aiming to educate professionals in Web3 and strengthen teaching of the subject at local Universities.

REGULATION:

In countries like the US, with high federal taxes and global income payment requirements, it is particularly hard to avoid taxation using offshore tax havens. Puerto Rico is a US territory, meaning that crypto advocates can legally [reside on the island and enjoy Puerto Rico's fiscal autonomy without losing their US citizenship](#). As an unincorporated US territory, the island abides by the same federal laws but has an independent tax system.

With its investment stimulating fiscal framework, Puerto Rico offers an attractive ecosystem for cryptocurrency activities with tax incentives consolidated under Act 60/ Ley 60. In some cases, if the asset is held for more than a year, the tax rate on capital gains for Puerto Rican residents can drop to 0%. For companies, a 4% tax rate is deducted on income from crypto-related services.

In November 2021, Puerto Rico's House of Representatives started analysing [Resolution 527](#), which consolidated a series of legislative proposals for the [use of blockchain and crypto assets](#).

In 2022, the Department of the Treasury published a [proposed reform to the Sales and Use Tax \(IVU\)](#), including [NFTs in the specific digital products group](#). The government's intent to tax NFT sales was met with uncertainty from tech experts, who said it was unclear how this technology would be supervised by the government, or how capital gains on NFT sales would be calculated.

Puerto Rico's House of Representatives has been discussing [Bill 1425](#) since December 2022. The bill proposes the creation of the "Law to Promote Innovations for Blockchain Products and Services in Puerto Rico". [Among the main takeaways from the discussion](#) are Puerto Rico's readiness to adopt the technology for government services, the aim to promote transparency, and a consensus on the need for a regulatory marker for Blockchain initiatives in the country.

Cryptocurrency regulation is still spread between various resolutions and reforms in Puerto Rico, while government representatives have already agreed on the need for a central regulation that widely embraces the sector and looks to unlock the true interest for foreign capital to flood into the country.

KEY PLAYERS:

[Puerto Rico Blockchain Week \(PRBW\)](#), [Puerto Rico Blockchain Trade Association \(PRBTA\)](#), [Coin Agenda](#), [OpenCarbon](#)

PUERTO RICO'S STATUS AS A NON-INCORPORATED TERRITORY OF THE US, WITH ITS OWN TAX FRAMEWORK, OPENS UP A RANGE OF POSSIBILITIES WHEN IT COMES TO THE DEVELOPMENT OF A BLOCKCHAIN/ CRYPTO MARKET ON THE ISLAND, ESPECIALLY AFTER THE ISSUANCE OF "LEY 60" IN 2019, WHICH OFFERS MANY TAX INCENTIVES INCLUDING UP TO 0% CAPITAL GAINS TAX FOR ISLAND RESIDENTS.



URUGUAY

ECOSYSTEM:

The [2023 Global Crypto Adoption Index](#) ranked [Uruguay](#) in 121st place, down from 83rd place in the [2022 Index](#). Uruguay is 15th on the 2023 Latam ranking, down one spot from 2022. According to [Triple-A](#), the second smallest country in South America currently has 45,087 crypto owners, or 1.32% of the population - compared to 52,245 (1.47%) in 2022, which suggests a decrease in the national rate of adoption.

The country, which has faced economic highs and lows, hosts over [42 businesses accepting crypto](#) as a means of payment. Seventeen of these are located in the capital city of Montevideo, while several others can be found in border towns near neighbouring Argentina and Brazil. According to [Coin ATM Radar](#), only one crypto ATM is operational in Uruguayan territory. Among the country's most common exchange facilities are [Criptala \(based in Montevideo\)](#), Bitex, Cex.io, Binance, Satoshi Tango and Paxful.

Tether, the issuer company of the world's most widely used stablecoin, USDT, [announced in May 2023](#) that it would invest a non-disclosed amount in Uruguay, most specifically in an [energy production and sustainable Bitcoin mining facility](#), in collaboration with a local licensed company. The company is aiming to take advantage of the country's



renewable energy production capacity, which currently generates a remarkable [94% of its electricity from renewable sources](#), predominantly wind and solar power.

Uruguay, which was the [first country in the world to legalise](#) the production, sale and consumption of cannabis for adult use in 2013, is now [using blockchain technology as a catalyst for foreign trade of the commodity](#). The delivery of cannabis production to the private sector over the years has generated a wave of production and exportation in Uruguay. In 2022, [Cend](#), a US-based company, broke the record for the [largest cannabis export in history](#).

Cend uses private and public Blockchains to enable the process of importing from Uruguay, through an intricate process which involves regulations from both countries, lab testings, onsite facility auditing, government liaising, as well as logistics and due diligence with border control agencies, to provide transparency and efficiency throughout the foreign trade process.

Meanwhile, a [group of militants](#) in the country that had previously disclosed old documents from the civil-military dictatorship (1973-1985), and gained notoriety thanks to this still-vital public discussion in Uruguay, announced it would be storing these documents, and others, [on a public Blockchain](#), thus [reducing the risk of destruction of this historical national data](#).

REGULATION:

In December 2021, the Central Bank of Uruguay (BCU) issued a document called the [‘Conceptual framework for the regulatory treatment of virtual assets in Uruguay’](#). The document provided a framework for the understanding and categorisation of different instruments and their operations. It represented a major contribution to the analysis of a regulatory approach for crypto assets in the country, and a glimpse of dissipating the current grey area surrounding cryptocurrencies and blockchain regulation.

As discussions progressed, [a bill was presented](#) in early

September 2022 by the Executive branch, proposing normative changes and [designating the Superintendence of Financial Services](#) (an organisational department of BCU) as the main overseer of the activities of virtual asset service providers.

The new proposed text modifies article 14 of the 2009 securities market law ([Ley 18.627](#)), and adds crypto assets within the definition of “book-entry securities”, defined as those that are issued in series and represented exclusively by book-entries made by a registration entity that meet the requirements established by law and regulations. Should the current bill, which is still in the hands of the Senate as of March 2024, pass, then all previously regulated and new entities that work with virtual assets would be placed under supervision of the [Central Bank of Uruguay](#).

KEY PLAYERS:

Tether, Binance, Bitex, [Criptala](#), Cex.io, Satoshi Mango, Cend.

VENEZUELA

ECOSYSTEM:

Venezuela is an example of a country which failed to adopt crypto under a centralised and government-first approach, but managed to grow user adoption out of necessity. In [2023 Venezuela ranked 40th in the Global Crypto Adoption Index](#), with the fourth-highest crypto adoption rates of any country in Latin America.

The failure to adopt crypto in a centralised manner can be attributed to [corruption and a lack of trust](#). The Venezuelan government shut down the Petro (PTR), a state cryptocurrency backed by oil reserves that was created with the intention to evade US financial sanctions in Venezuela.

[Launched six years ago, the Petro was never adopted by the population and became part of a corruption scandal involving the head of SUNACRIP, the regulatory body for cryptocurrencies and Energy Minister.](#)

So why has grassroots adoption been so strong? The main reason is currency devaluation, a consequence of the government's failure to control inflation. [Annual inflation has not dropped below 100% since 2014, reaching 190% in 2023](#). In the midst of the steep devaluation of the Bolivar, [Venezuela remains a growing crypto market in US dollar terms](#). Venezuelans received US\$28.3 billion in cryptocurrencies in 2021. In 2022, the country received

[US\\$37.4 billion, a 32% increase](#). This trend looks set to continue in 2024 as we enter a bull market.

[Due to hyperinflation, Venezuelans are keen users of stablecoins, with stablecoin trades making up 34% of all small retail transaction volume in the country - the largest such figure in Latin America.](#)

Stablecoin adoption occurs due to a failing fiat currency (the Bolivar) and the need to establish new ways of exchanging value (i.e. stablecoins / crypto). Stablecoins using blockchains with low fees like Polygon, Tron, and Solana make it easier and more accessible to store wealth, protect it from inflation, and receive money overseas.

Venezuelans are finding revenue sources in crypto, and are [the largest community on decentralised social media platform Hive](#), and the [second-largest community on play-2-earn game Axie Infinity](#).

Crypto projects are trying to establish themselves in Venezuela due to the fertile ground for adoption there. Many Venezuelans work in crypto, as community managers, translators and designers. Due to political instabilities, crypto projects operate from overseas and influential members of the ecosystem currently live in other countries.

[The Caracas Blockchain Week event took place in October 2023, gathering together industry leaders.](#)

Public government officials used to receive a portion of



their salaries in Petro, and the majority of the population has at least some basic understanding of crypto.

The country is home to many different communities and major projects using Bitcoin, Bitcoin Cash, Ethereum, DASH, EOS, Polkadot, and Litecoin, and exchanges such as [Libertex](#), [Surbitcoin](#) and Paxful. Shapeshift is a DeFi Platform that operates in the country.

REGULATION:

In 2019, Venezuela created the [Sunacrip](#), a government office dedicated to regulating cryptocurrencies in the country. [The entity was closed in March 2023 following a corruption scandal, and is set to reorganise and reopen in March 2024.](#)

The most clear legal framework concerns mining: users need to apply for a licence if they intend to mine in Venezuela, and the same applies to exchanges. Legislation used to revolve around Petro, the country's government-issued cryptocurrency. Now that the Petro has been dropped, let's see how the ecosystem will adapt.

In 2022, Venezuela passed a bill to [tax any currency that is not backed by the government from 2% to 20%.](#)

KEY PLAYERS:

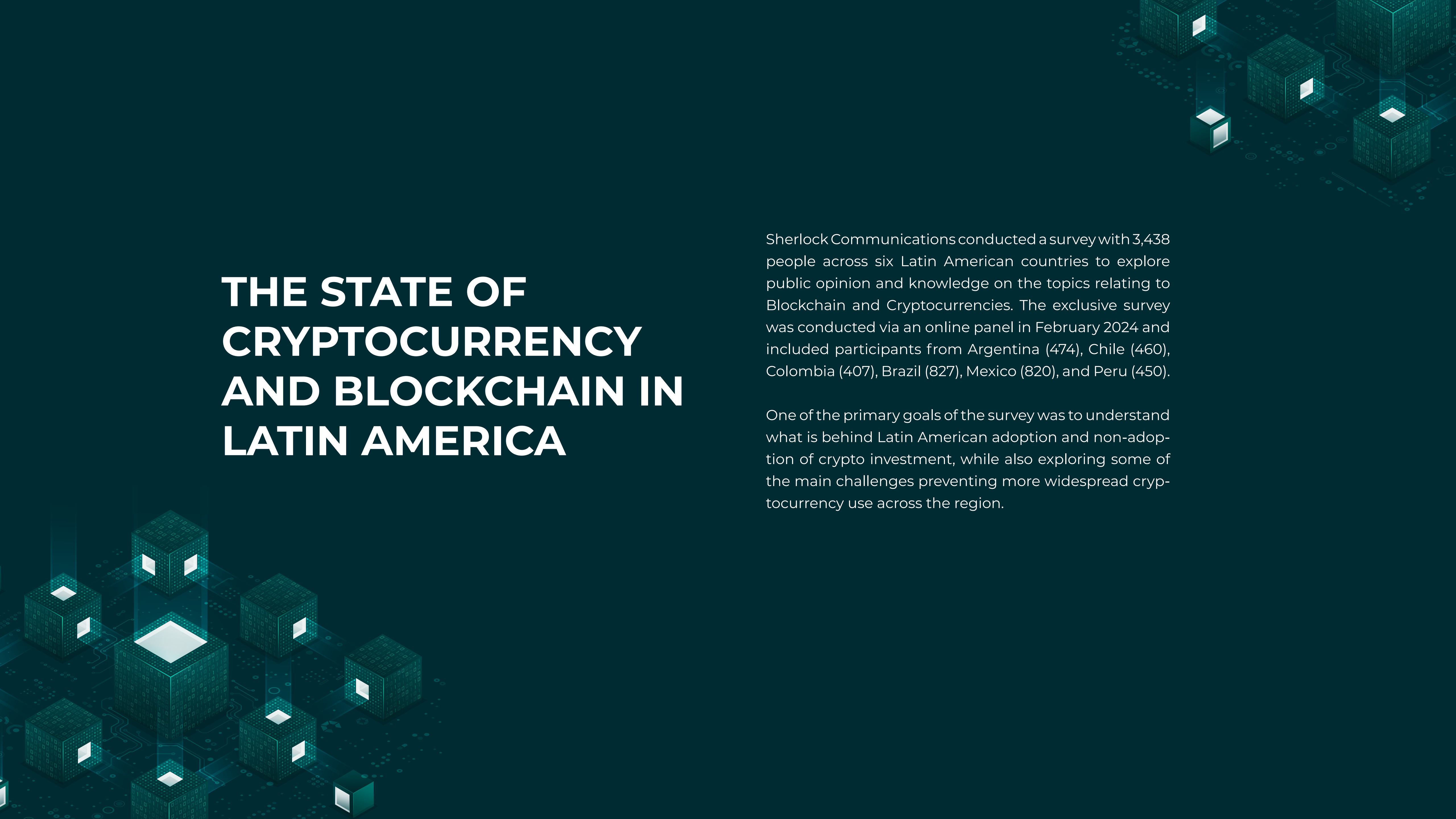
Amberes and CryptoLago (government backed exchanges), Cryptobuyer, Locha Mesh, Sunacrip, Paxful, Dash, Axie Infinity, Tether, Hive, CryptoMiner, Shapeshift, Libertex.

“Venezuela stands out in the blockchain and cryptocurrency arena in Latin America, marked by significant engagement in Bitcoin mining from both the government and the private sector. Despite these developments, the growth of Venezuela's blockchain entrepreneurial ecosystem faces hurdles due to inadequate power and communication infrastructure. Nonetheless, the embrace of cryptocurrencies within Venezuela is deeply connected to the economic challenges and migration patterns the country faces, leading the Venezuelan diaspora across Latin America to become prominent users and contributors to the crypto sector. The presence of Venezuelan talent in nearly every significant project in the region highlights their critical role in driving cryptocurrency adoption and innovation throughout Latin America.

This dynamic in Venezuela mirrors a wider global shift towards recognizing blockchain and cryptocurrency as pivotal tools for economic resilience and innovation. Expected regulatory advancements and a growing acceptance of these technologies mark 2024 as a key year for blockchain in Latin America, with nations like Argentina, Brazil, El Salvador, and Venezuela playing central roles in this transition. The collective experience of hyperinflation across the region has positioned cryptocurrencies as vital for financial stability, underscoring the transformative impact blockchain technology is poised to have in Latin America and beyond.”

Alberto Guerrero Montilla, Co-founder at BoulderTech.fi and Criptotendencias.com



The background features a dark teal color with an isometric illustration of data blocks and circuitry. The blocks are composed of binary code (0s and 1s) and have glowing white square openings. They are arranged in a grid-like pattern, connected by glowing blue lines that represent circuitry. The overall aesthetic is futuristic and technological.

THE STATE OF CRYPTOCURRENCY AND BLOCKCHAIN IN LATIN AMERICA

Sherlock Communications conducted a survey with 3,438 people across six Latin American countries to explore public opinion and knowledge on the topics relating to Blockchain and Cryptocurrencies. The exclusive survey was conducted via an online panel in February 2024 and included participants from Argentina (474), Chile (460), Colombia (407), Brazil (827), Mexico (820), and Peru (450).

One of the primary goals of the survey was to understand what is behind Latin American adoption and non-adoption of crypto investment, while also exploring some of the main challenges preventing more widespread cryptocurrency use across the region.

Latin American crypto-investors

Half of the survey respondents (48%) across Latin America reported that they have some experience of investing in cryptocurrencies, although 60% of these respondents have ceased trading for a variety of reasons. Some found it too confusing, others lost money, while another cohort reported that they no longer invest, despite having made money with crypto.

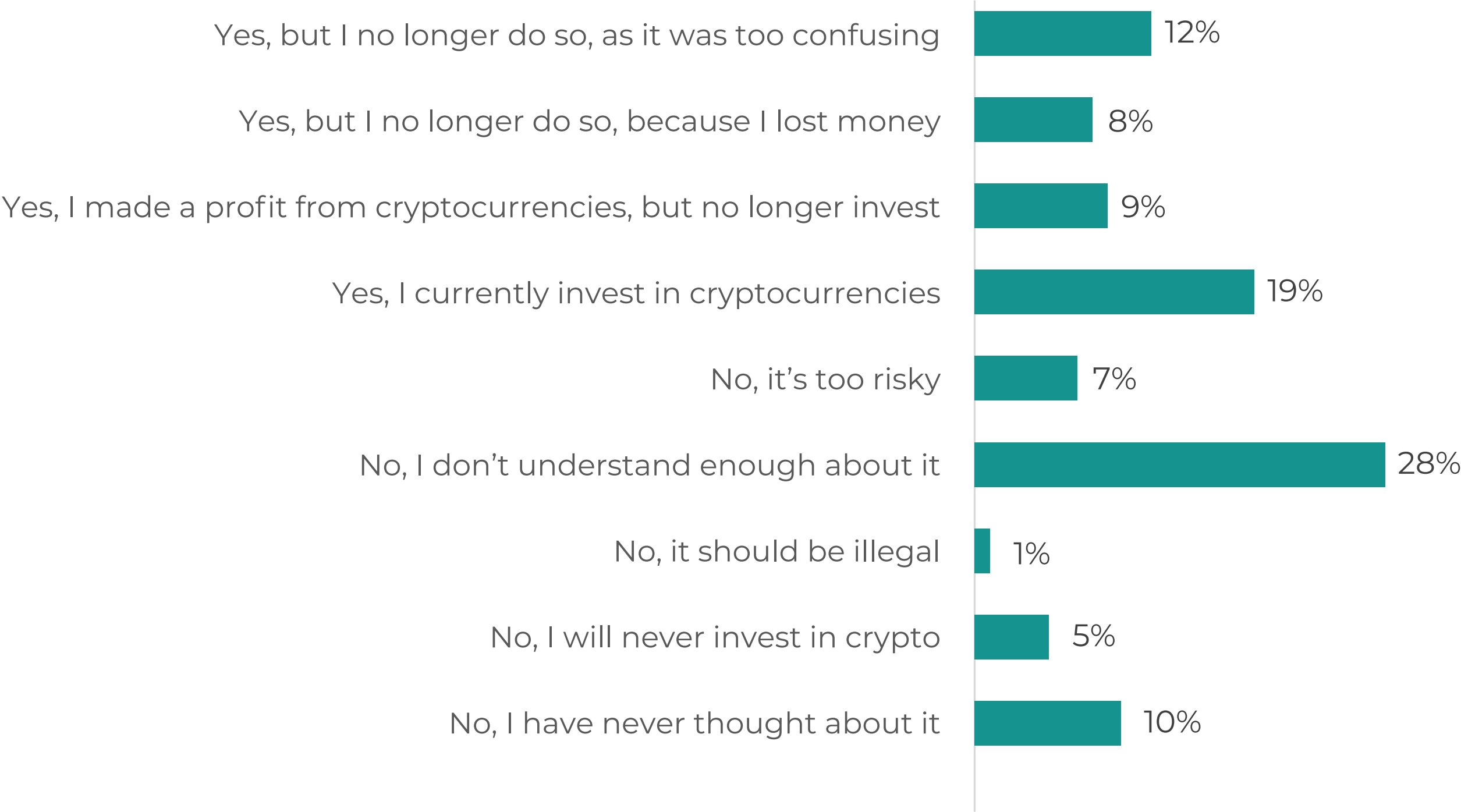
One in five Latin American survey respondents (19%) reported that they currently invest in cryptocurrencies, with crypto investor rates highest in Argentina (31%) and Brazil (24%). Chile had the lowest number of current crypto investors at 13% of survey participants.

Three out of ten Latin American respondents (28%) said they do not understand crypto enough to become an investor, which was felt even more substantially in Chile and Mexico (32%, respectively). While 5% in Latin America reported that they would never invest in cryptocurrencies, resistance was notably stronger in Brazil, where 12% of our sample said they will never invest.

Have you ever invested in or used cryptocurrencies?

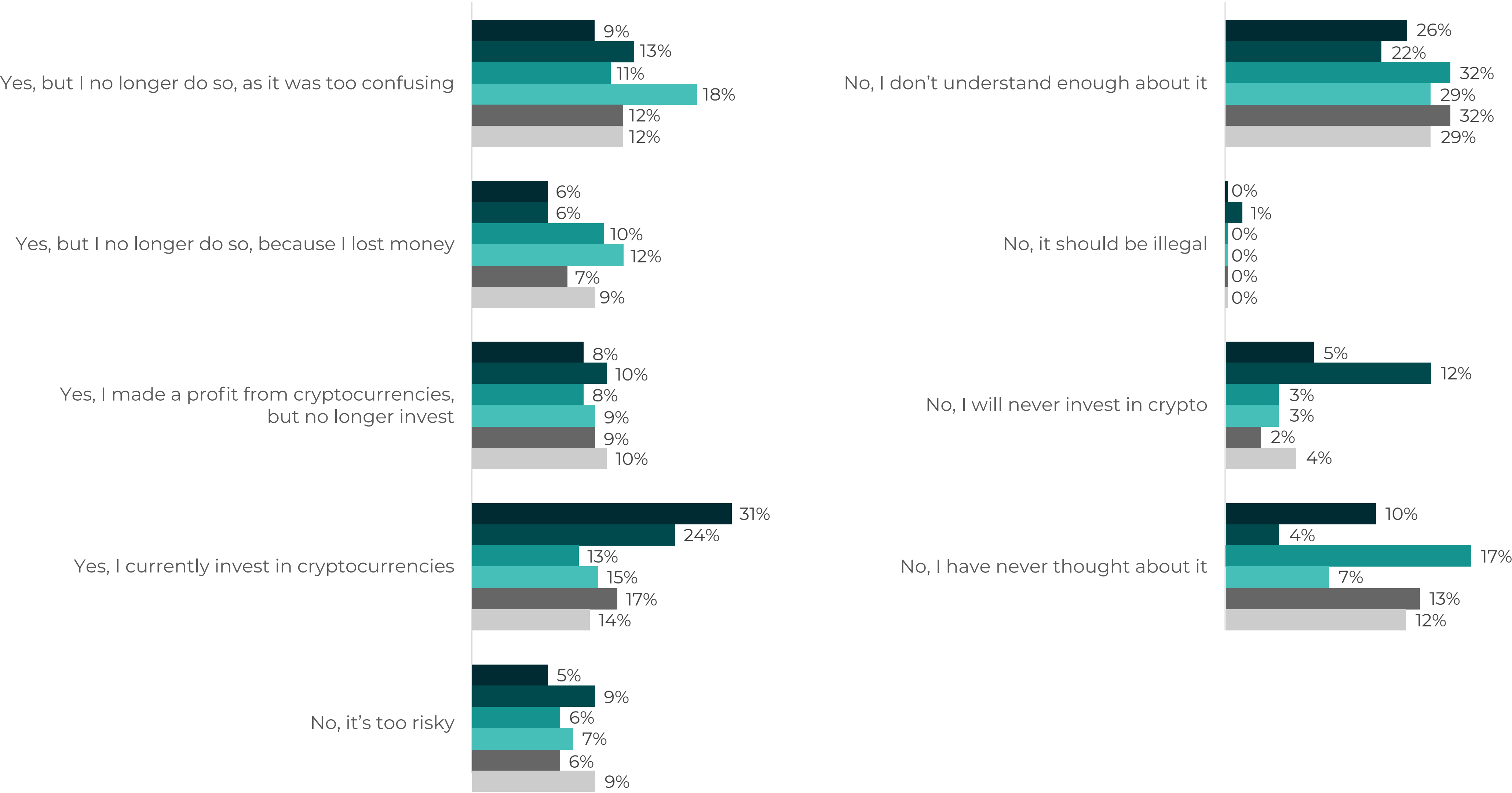
Select all that apply

Latin America



Have you ever invested in or used cryptocurrencies? Select all that apply

Argentina Brazil Chile Colombia Mexico Peru

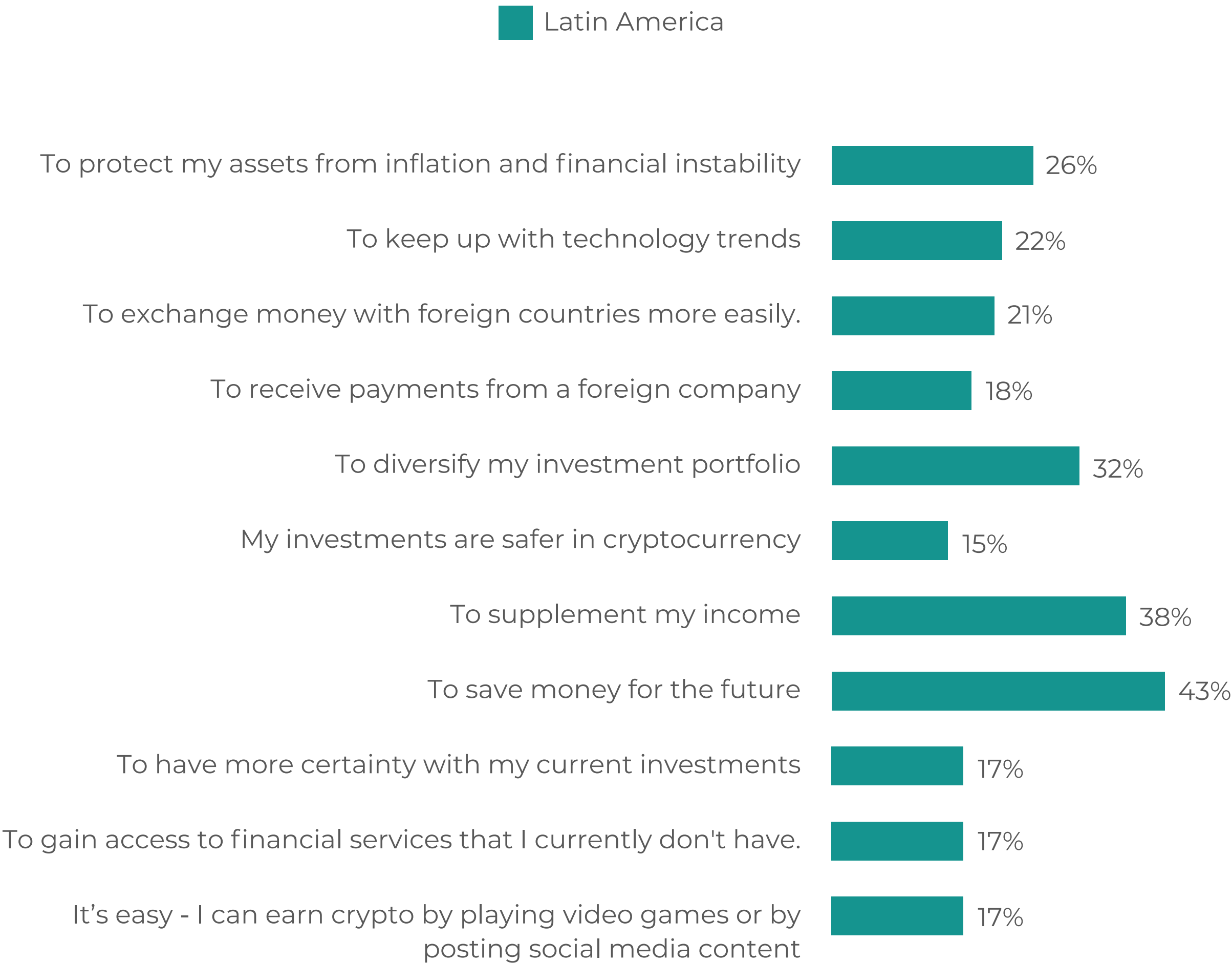


Why do Latin Americans invest in crypto?

There are a multitude of reasons why Latin Americans choose to invest in cryptocurrencies. ‘To save money for the future’ was the most popular reason cited by 43% of our survey respondents that have experience of investing in crypto. Respondents could select several answers, and 38% of those that invested in crypto said it offered them the possibility of supplementing their income.

In a region with swinging inflation rates, one in four (26%) of Latin American crypto investors are motivated ‘to protect my assets from inflation and financial instability’, a motivation that was particularly strong in Argentina with 36% of crypto investors giving this reason. Portfolio diversification was a motivator for 40% of crypto investors in both Argentina and Brazil, a contrast to 18% of Chilean crypto inventors who gave this reason, and well above the 32% Latin America median.

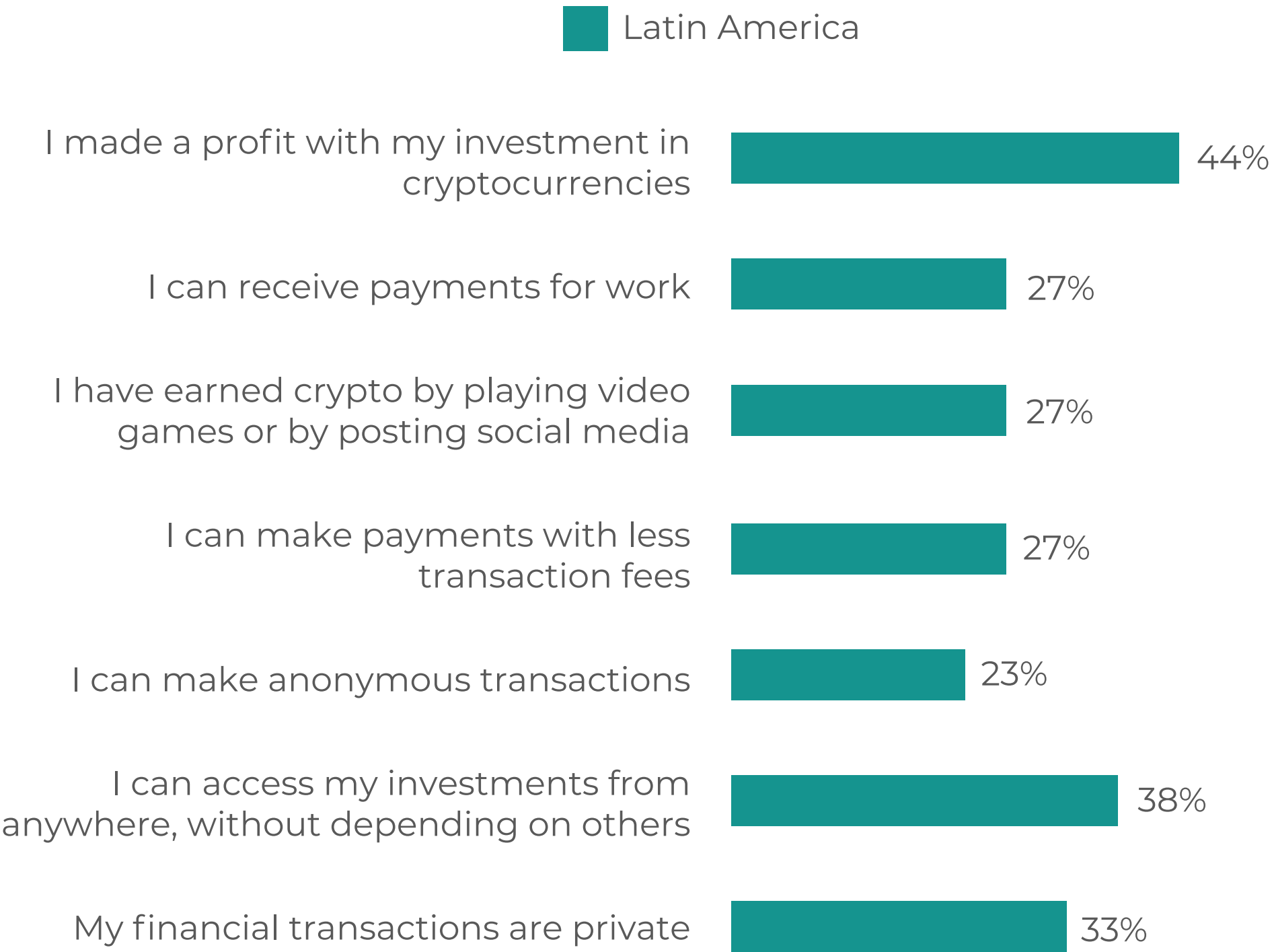
Why do you invest in crypto? Select all that apply (Question replied to by those with crypto investment experience)



Just under half (44%) of those with crypto experience reported having made a profit with their investments, including more than half (52%) of Argentine crypto investors. Meanwhile, 38% of survey respondents with crypto experience cited the fact that they can ‘access my investment from anywhere, without depending on others’ as an advantage. The privacy of crypto transactions was cited as a personal advantage for one third (33%) of the crypto investing sample.

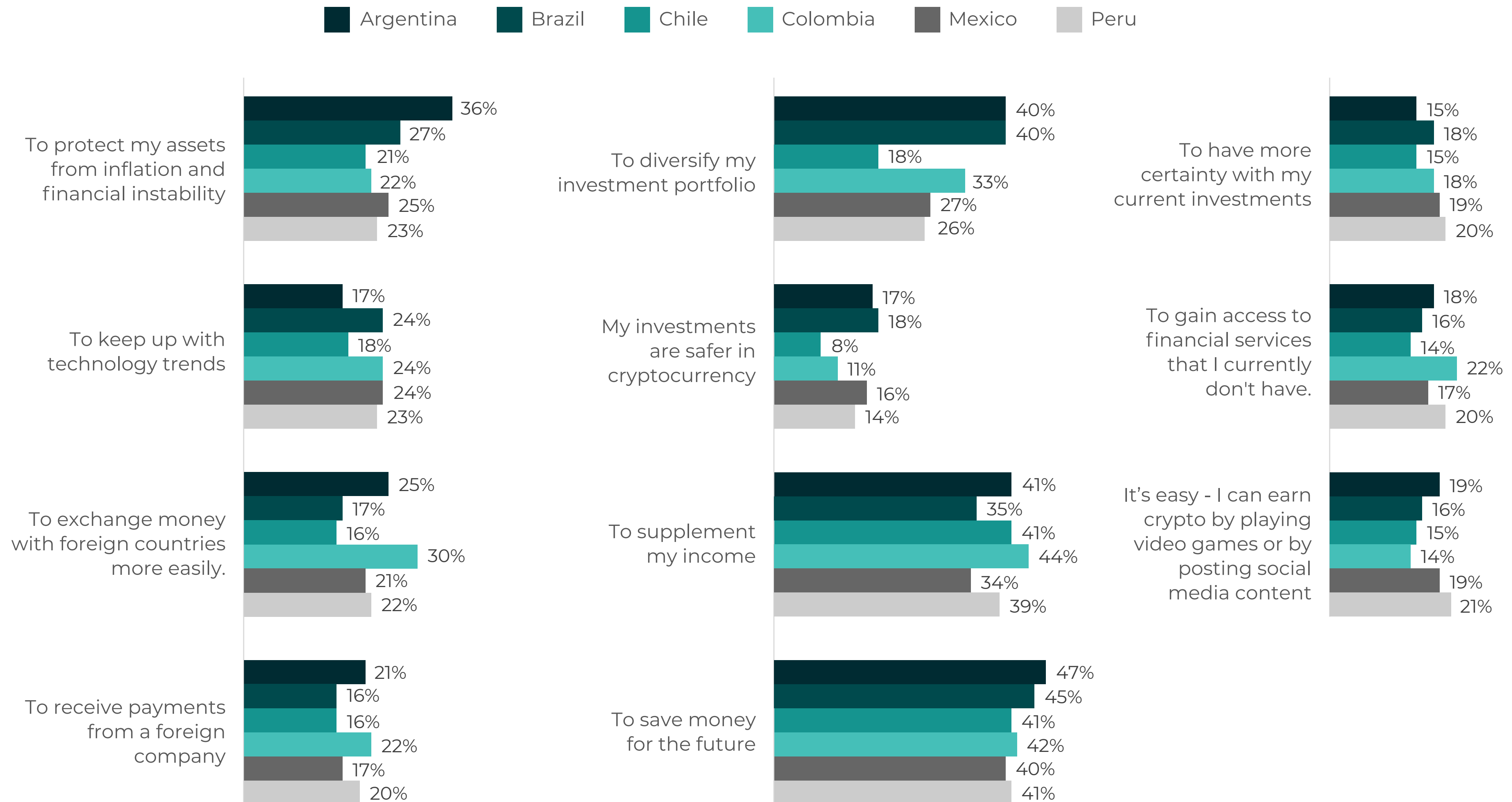
What personal advantages have you enjoyed through your crypto investments? Select all that apply

(Question replied to by those with crypto investment experience)



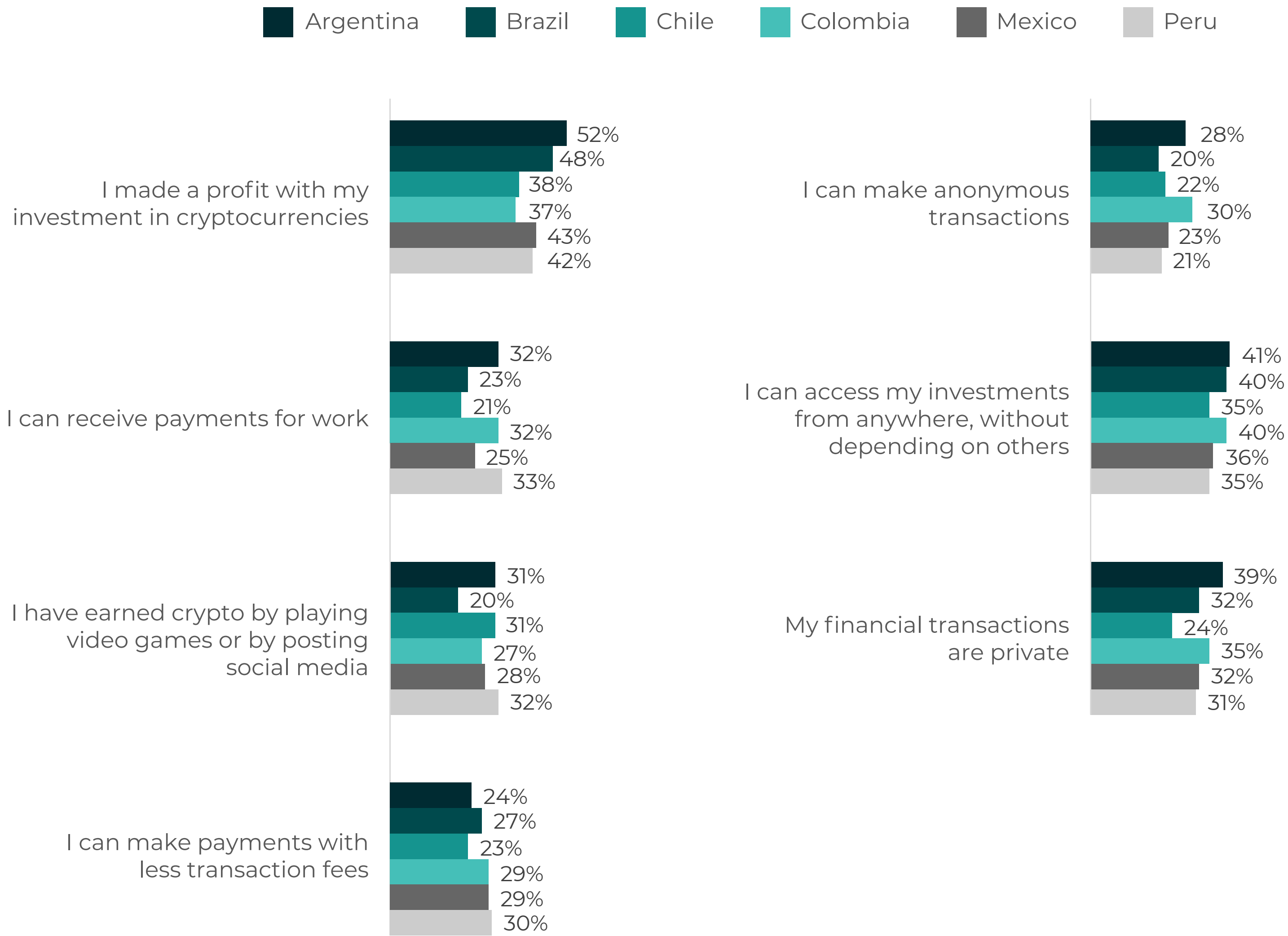
Why do you invest in crypto? Select all that apply

(Question replied to by those with crypto investment experience)



What personal advantages have you enjoyed through your crypto investments?

(Question replied to by those with crypto investment experience)

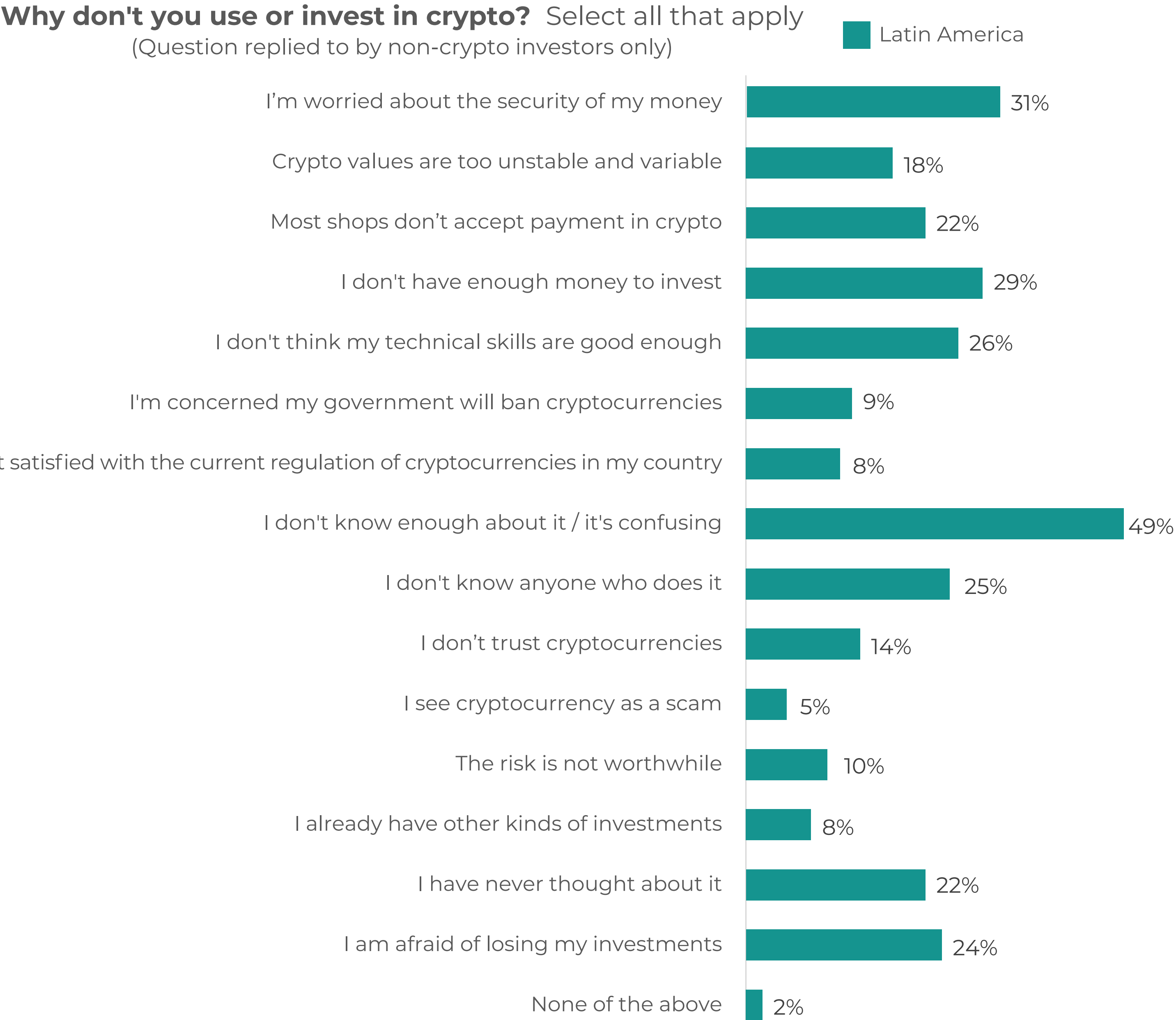


What's holding back Latin American crypto investment?

Information and security questions are top concerns preventing Latin American crypto adoption. Half (49%) of the non-crypto users in our survey sample said they didn't invest in cryptocurrencies due to their lack of knowledge and confusion relating to the topic. Mexicans were most likely to shy away due to information shortcomings, with 52% of non-crypto users citing this reason, compared to 43% with the same response in Peru.

Fears around the security of their money was a concern for 31% of non-crypto users in our sample set, with considerably more Brazilians (42%) citing this response, than 24% of Argentine non-crypto investors in our survey sample. Three in ten (29%) non-crypto investors across Latin America said they didn't have enough money to invest, a sentiment highest in Argentina (33%) and Brazil (32%), and lowest in Mexico, where low funds were cited by a quarter (25%) of non-crypto investors.

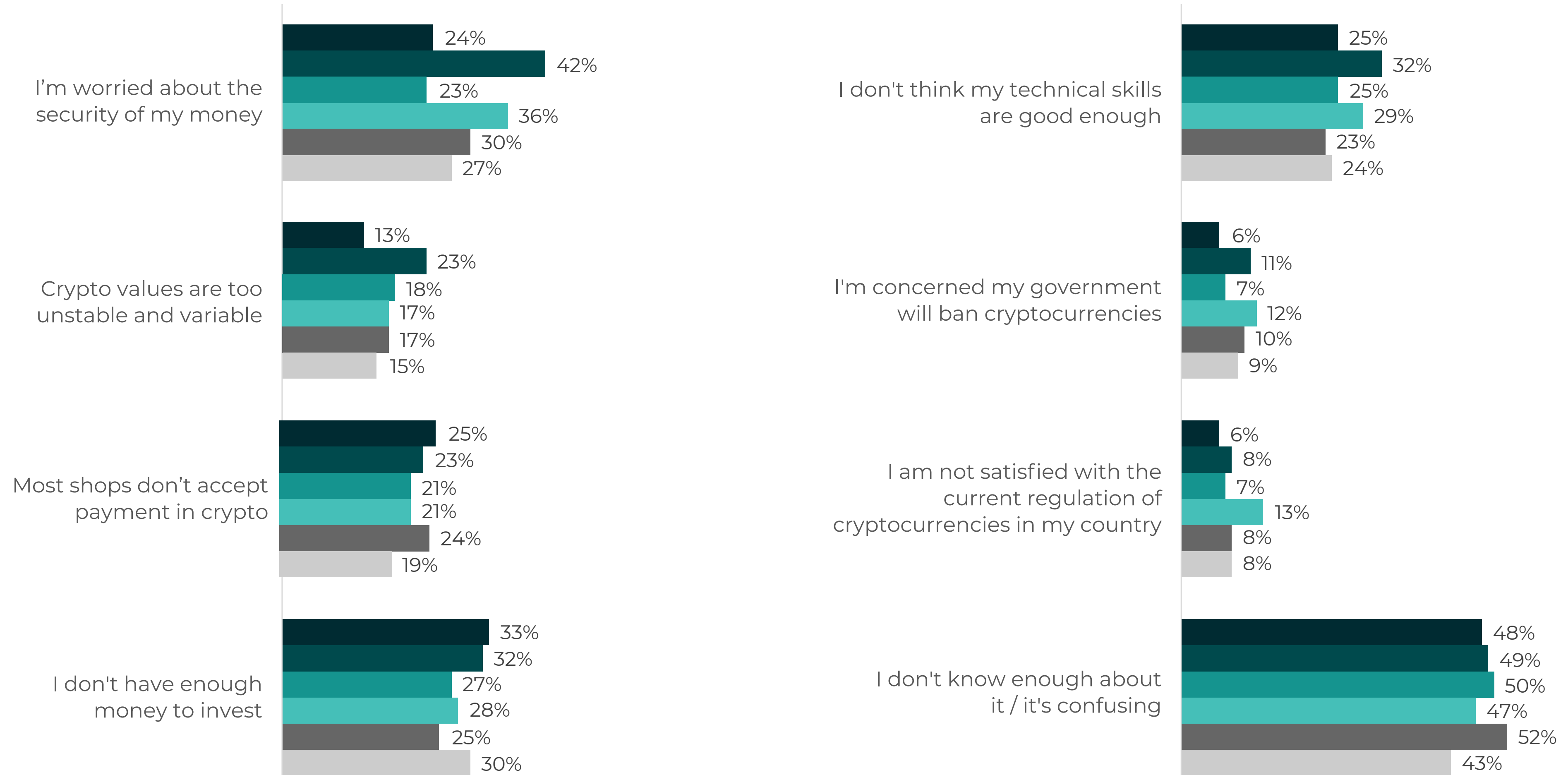
One in ten (9%) of non-crypto investors in our Latin American sample said they feared their government would ban cryptocurrencies, with 12% of Colombian non-crypto investors citing this as a concern. Likewise, one fifth (20%) of Colombians with no crypto investment experience said 'I don't trust cryptocurrencies', above the regional average of 14%.



Why don't you use or invest in crypto? Select all that apply

(Question replied to by non-crypto investors only)

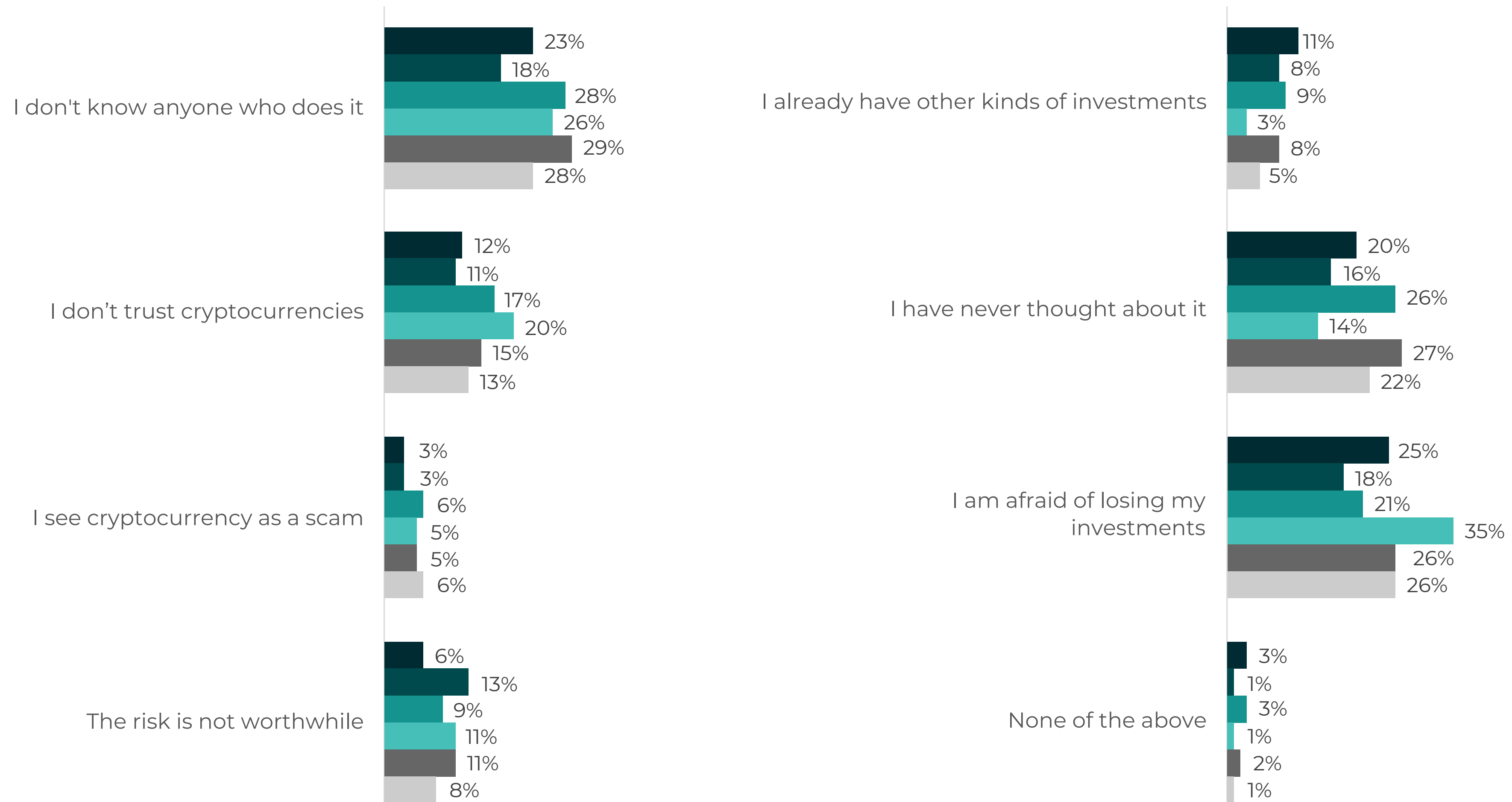
Argentina Brazil Chile Colombia Mexico Peru



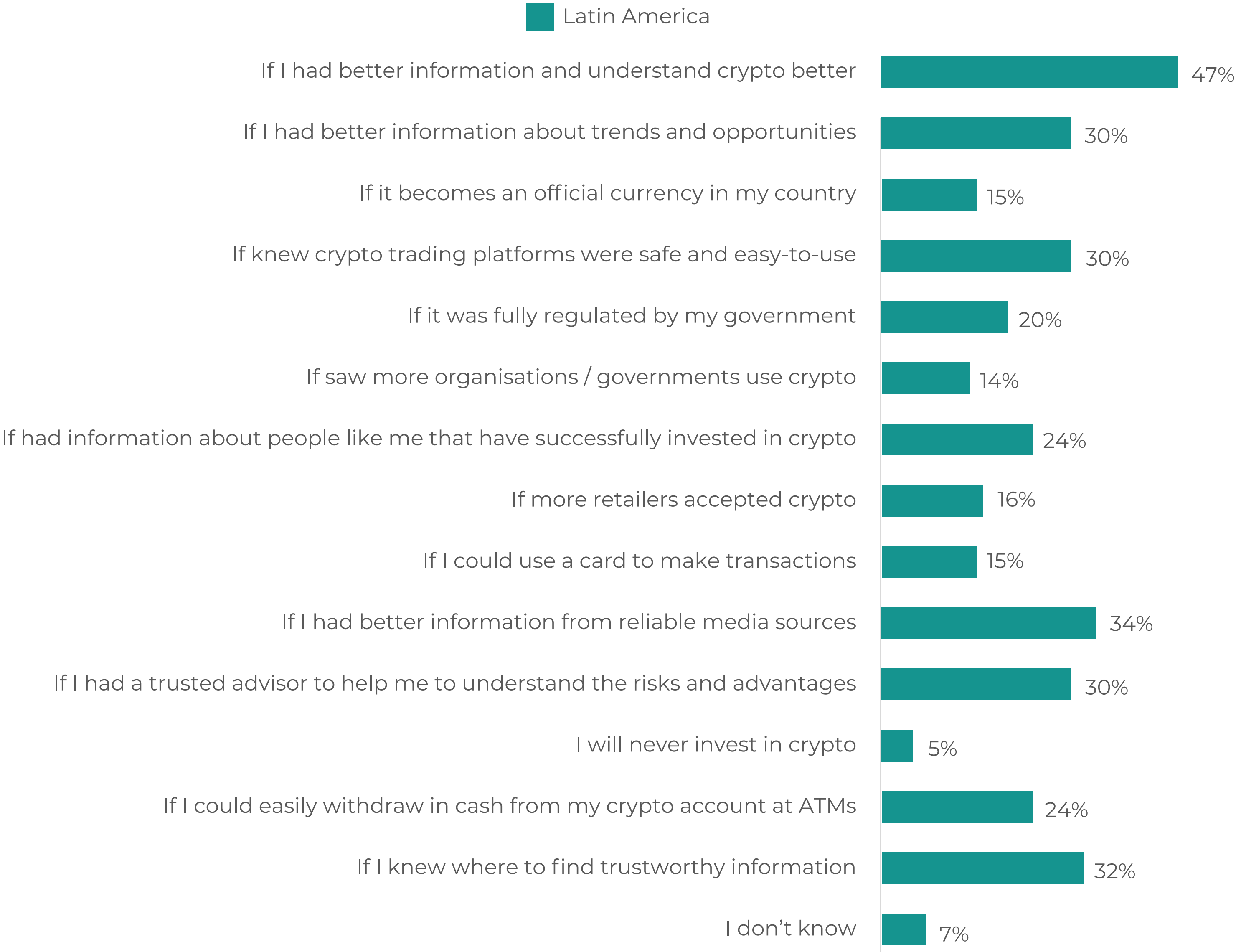
Why don't you use or invest in crypto? Select all that apply

(Question replied to by non-crypto investors only)

Argentina Brazil Chile Colombia Mexico Peru

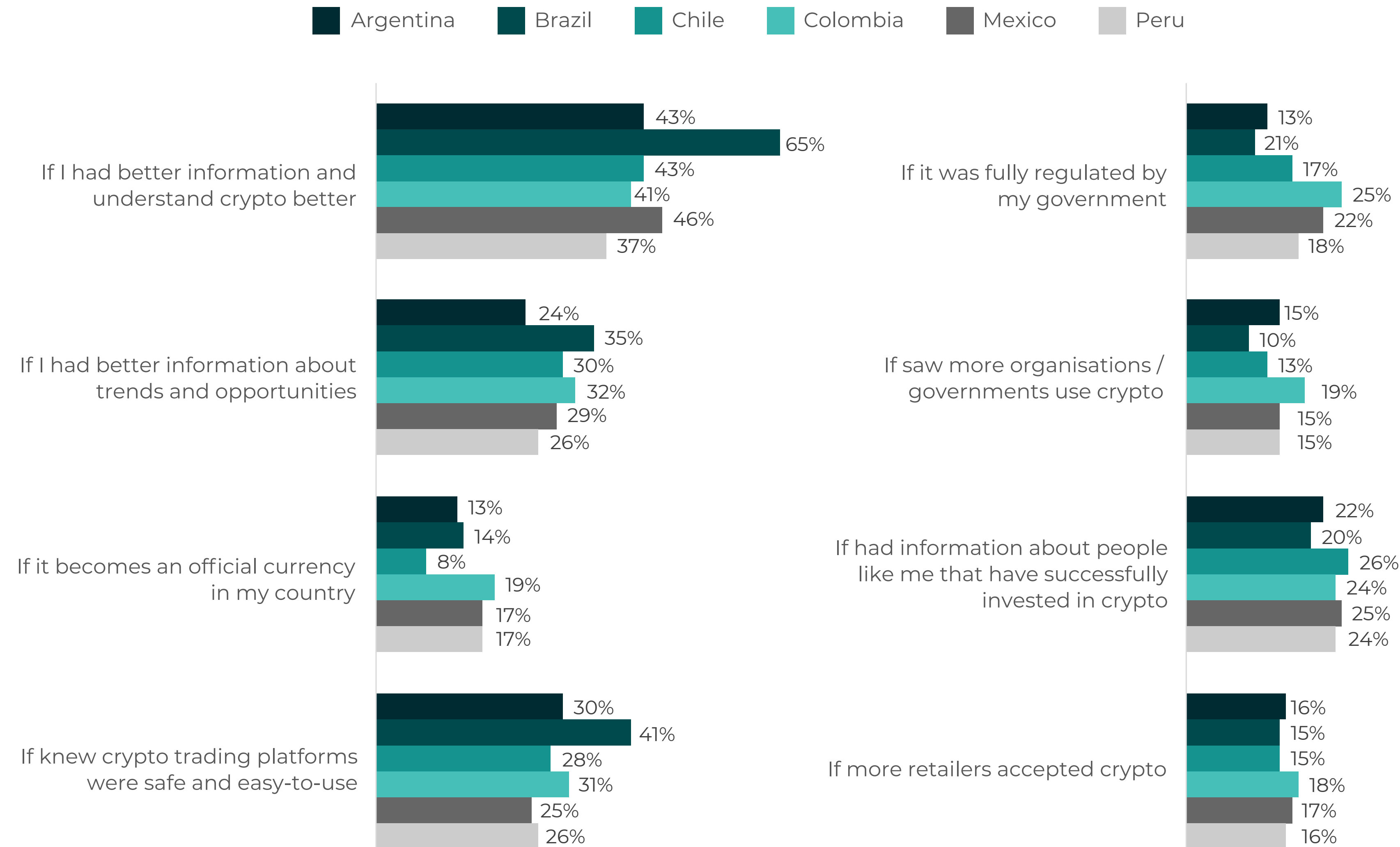


You currently don't invest in or use crypto. What would make you start? Select all that apply
(Question replied to by non-crypto investors only)

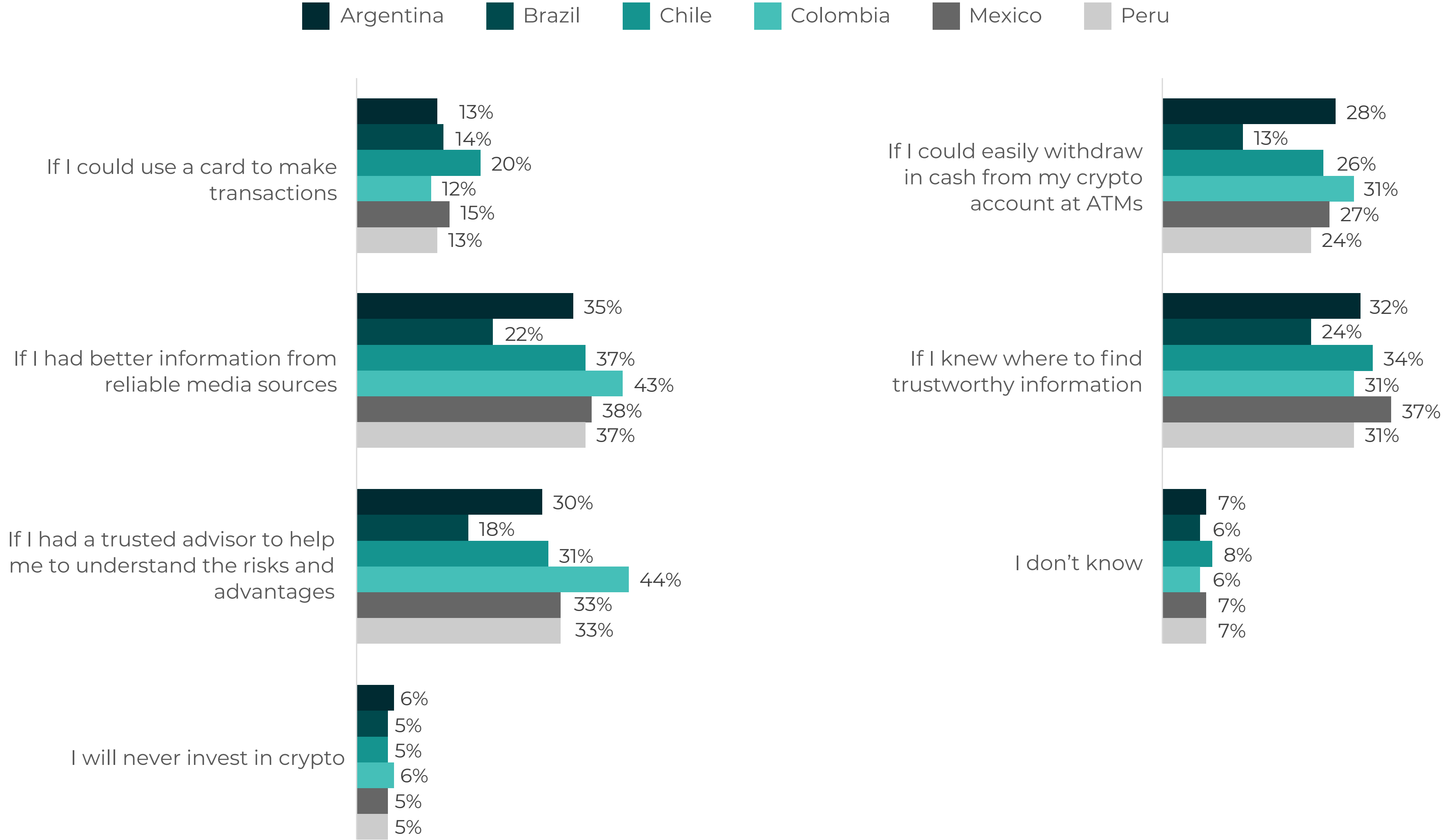


You currently don't invest in or use crypto. What would make you start? Select all that apply

(Question replied to by non-crypto investors only)



You currently don't invest in or use crypto. What would make you start? Select all that apply
(Question replied to by non-crypto investors only)



A demand for regulation

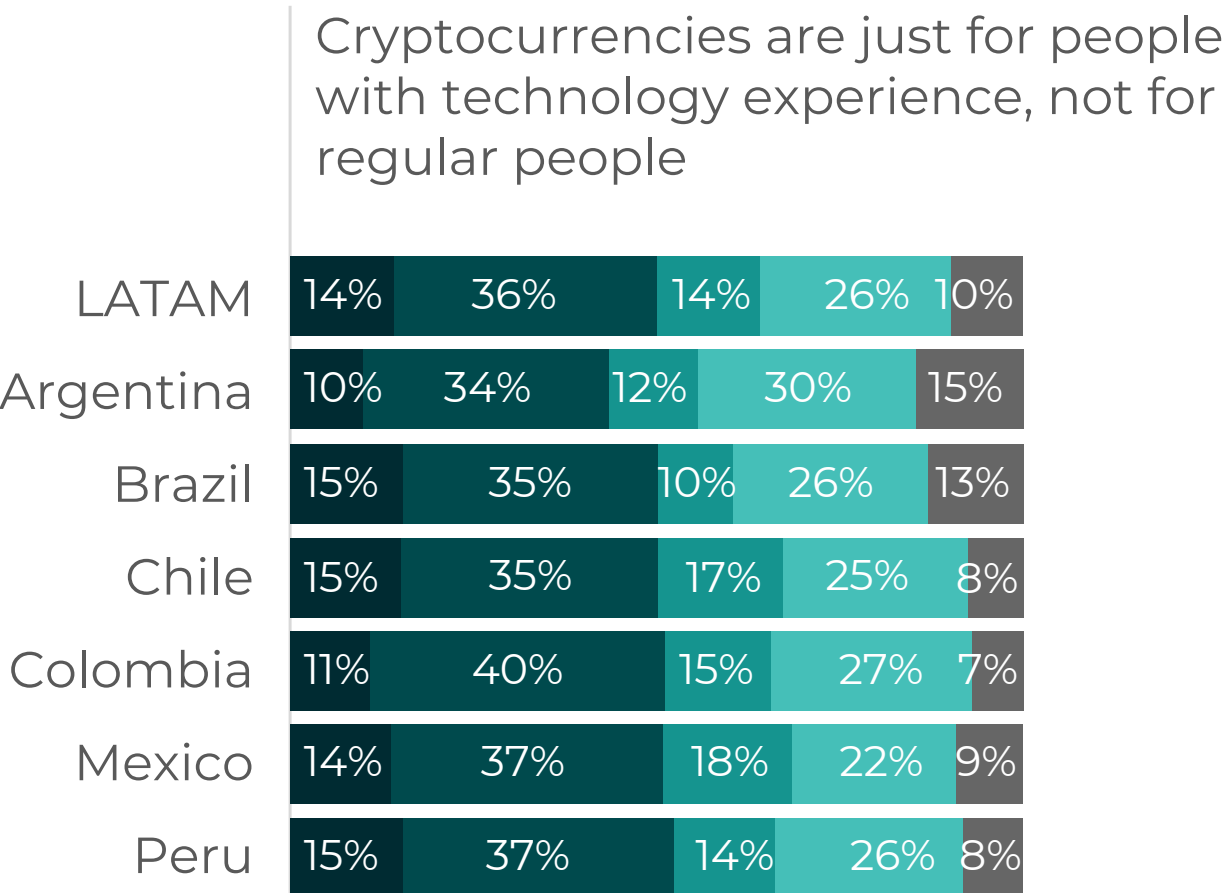
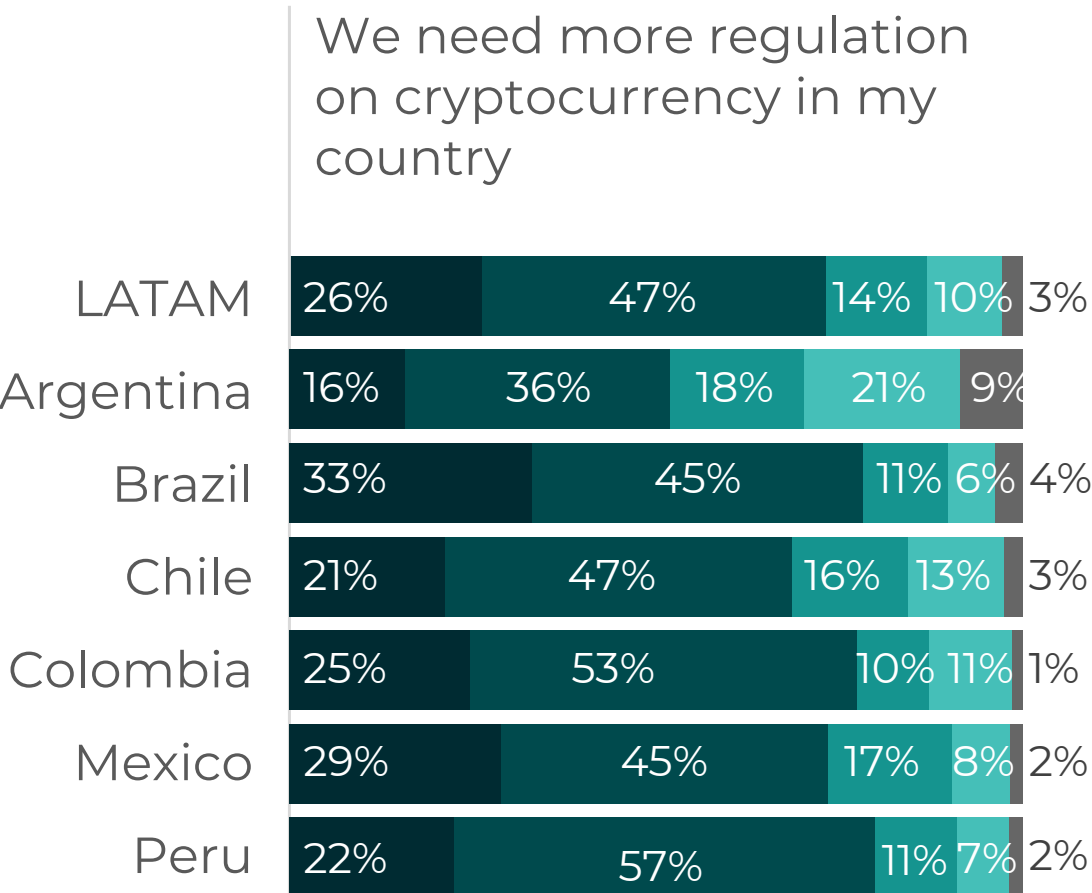
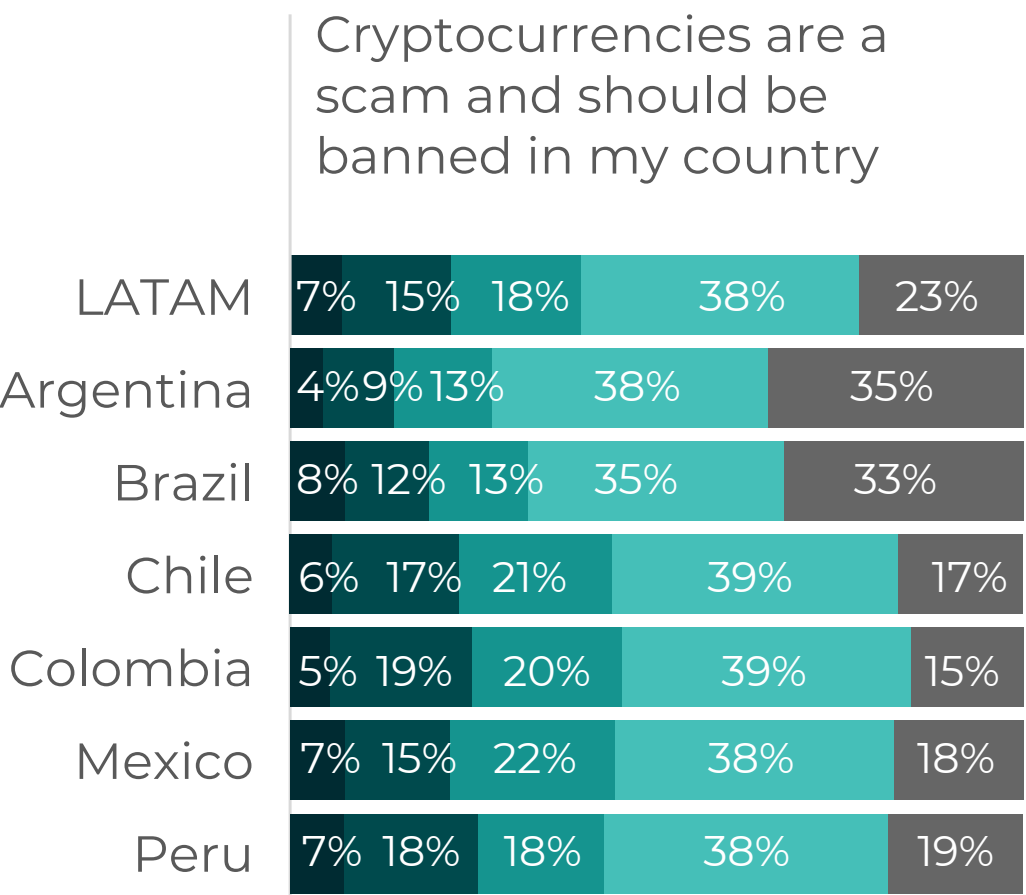
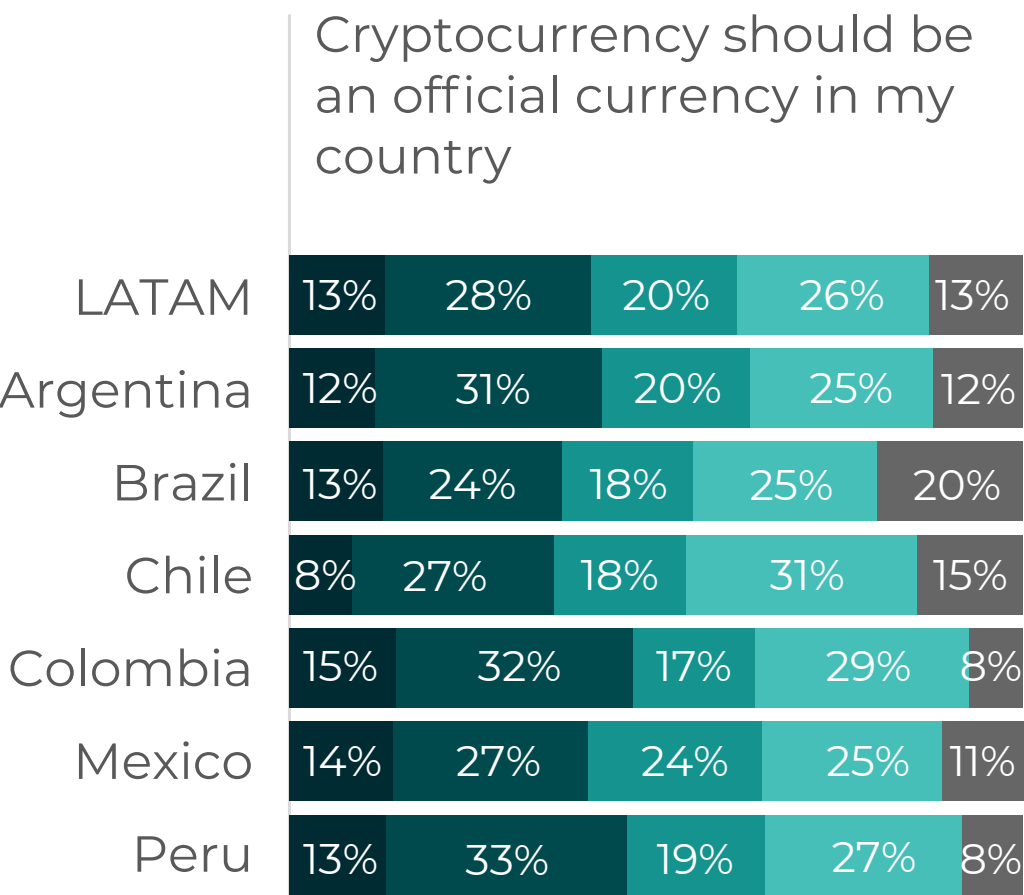
The vast majority (83%) of Latin Americans in our sample set said they wanted more official information from their government about the use of cryptocurrencies, with 90% in Colombia seeking further official information from their government, along with 86% in both Brazil and Peru.

Meanwhile, four out of five (80%) Peruvians in the survey sample said: ‘We need more regulation on cryptocurrency in my country.’ Only just over half (52%) of survey respondents in Argentina held the same opinion, while the regional average was 73%.

There was an interesting opinion split when it comes to ideas of official adoption of crypto at a national level. While an average of 41% of respondents across Latin America agreed that ‘Cryptocurrency should be an official currency in my country,’ just over half (51%) in the region were of the assertion that: ‘My country should protect the traditional currency instead of considering cryptocurrencies.’

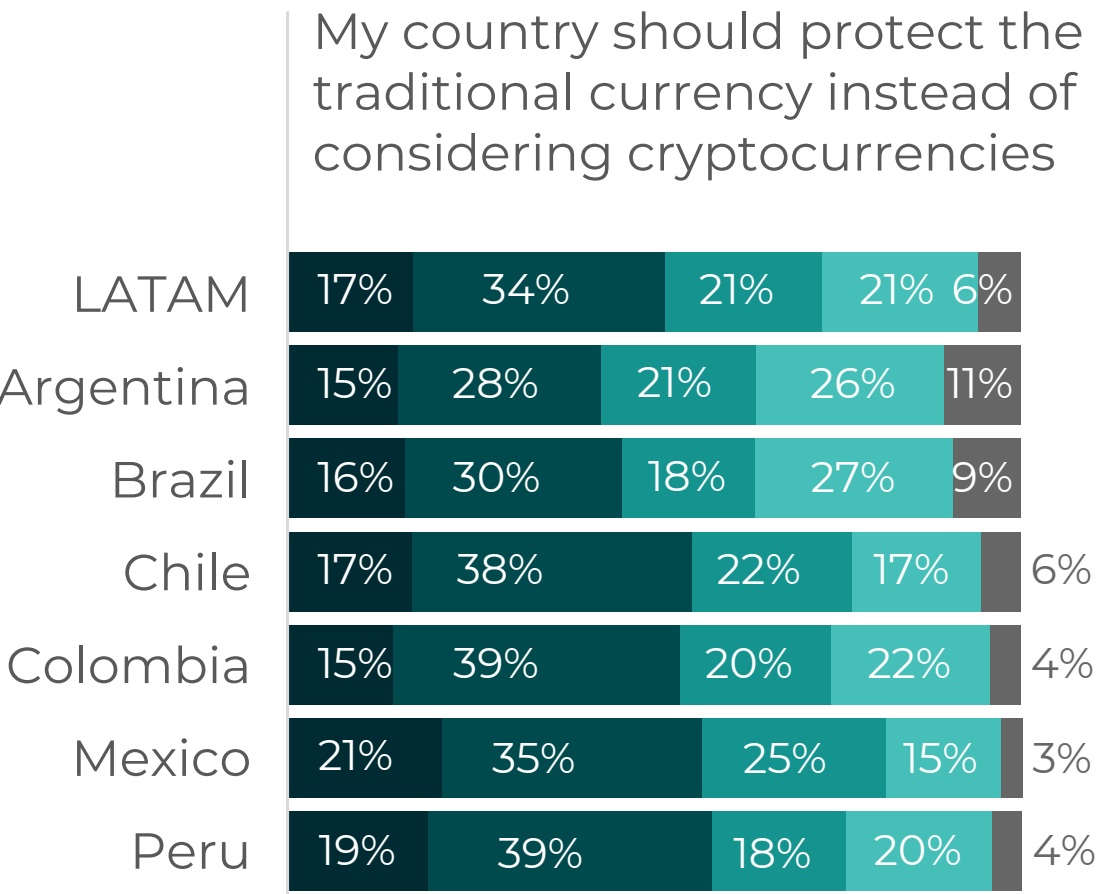
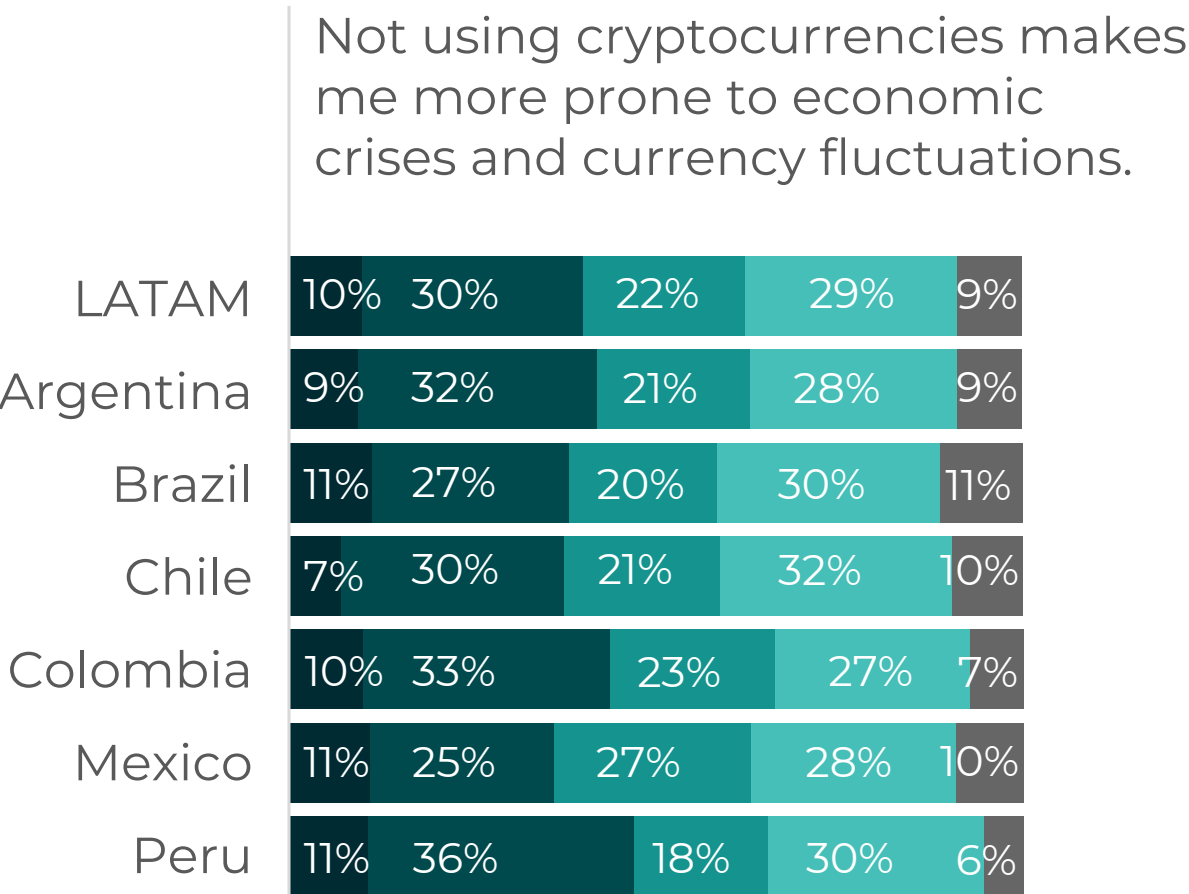
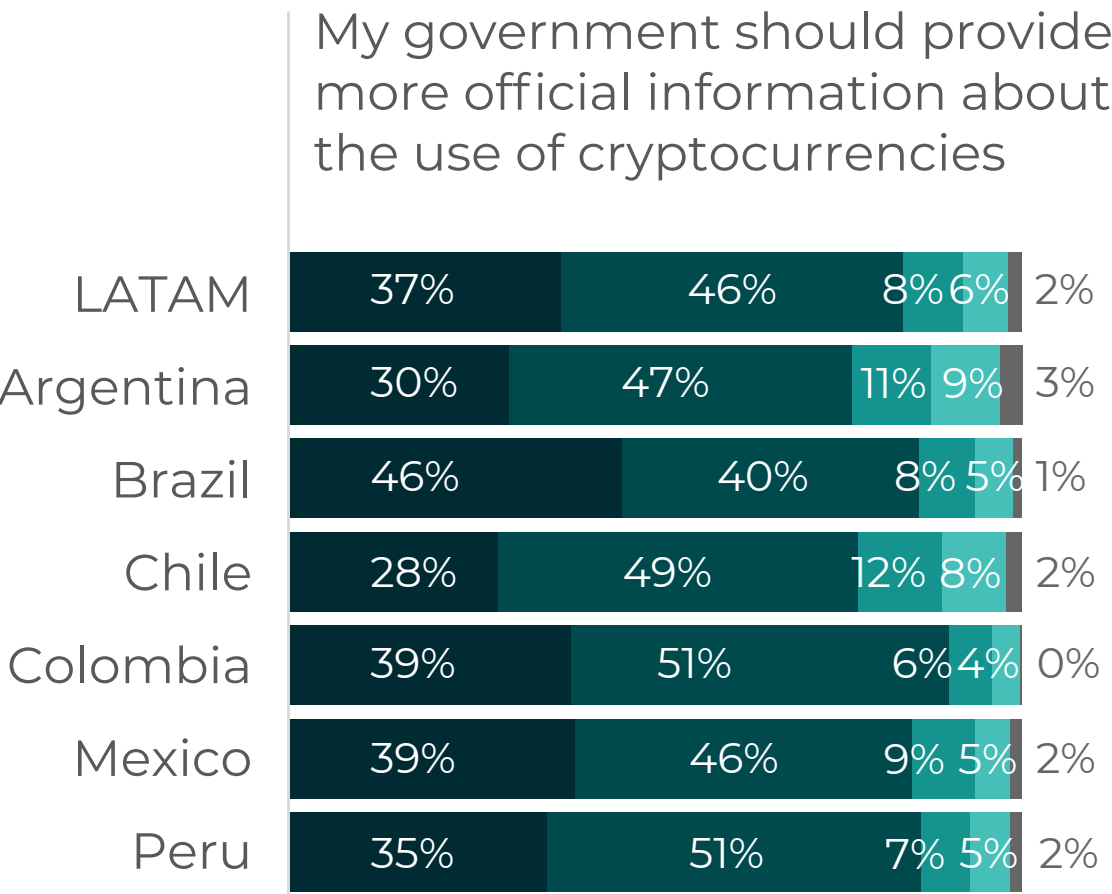
Mark agree or disagree with the following statements:

Strongly agree Agree Neither agree nor disagree Disagree Strongly disagree



Mark agree or disagree with the following statements:

Strongly agree Agree Neither agree nor disagree Disagree Strongly disagree



Fear of missing out

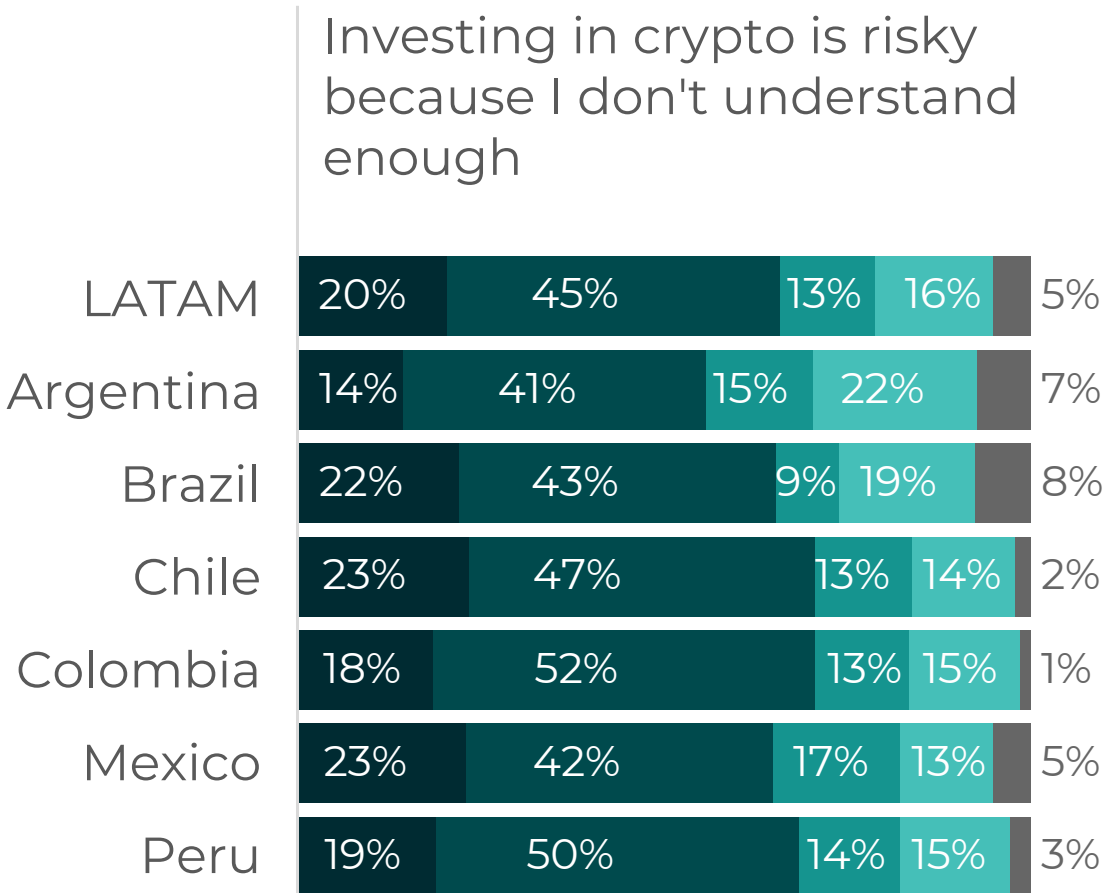
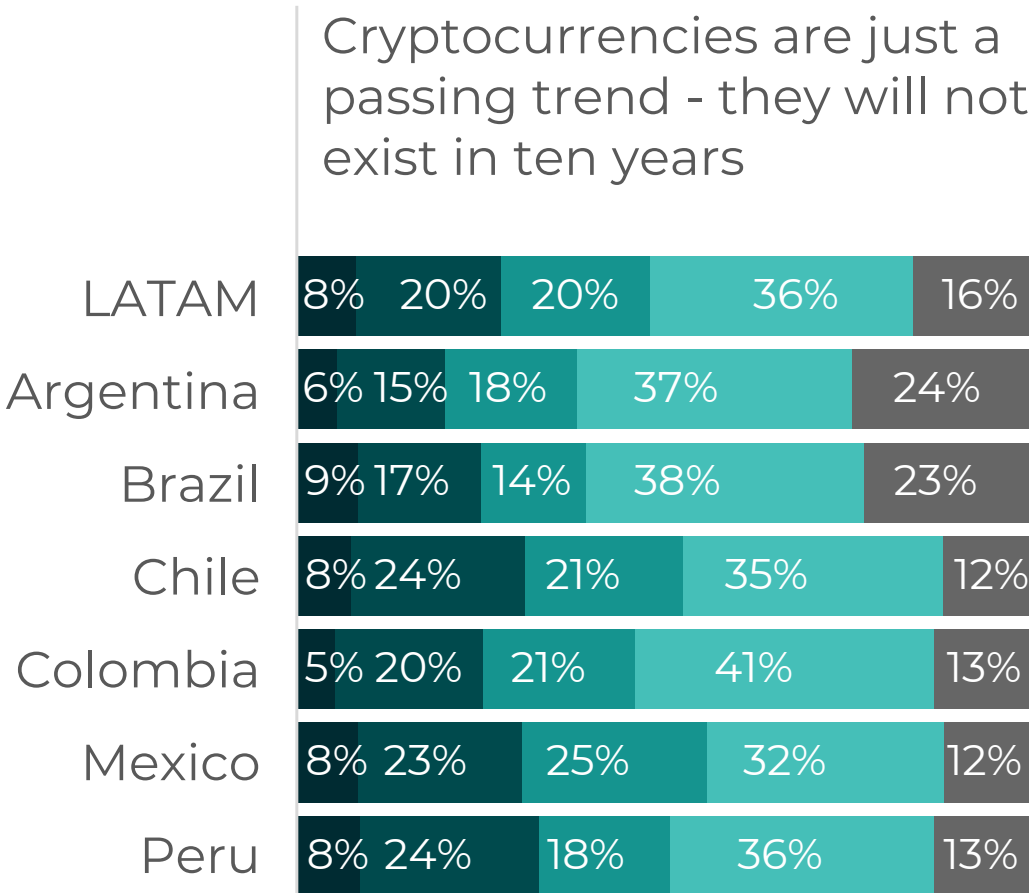
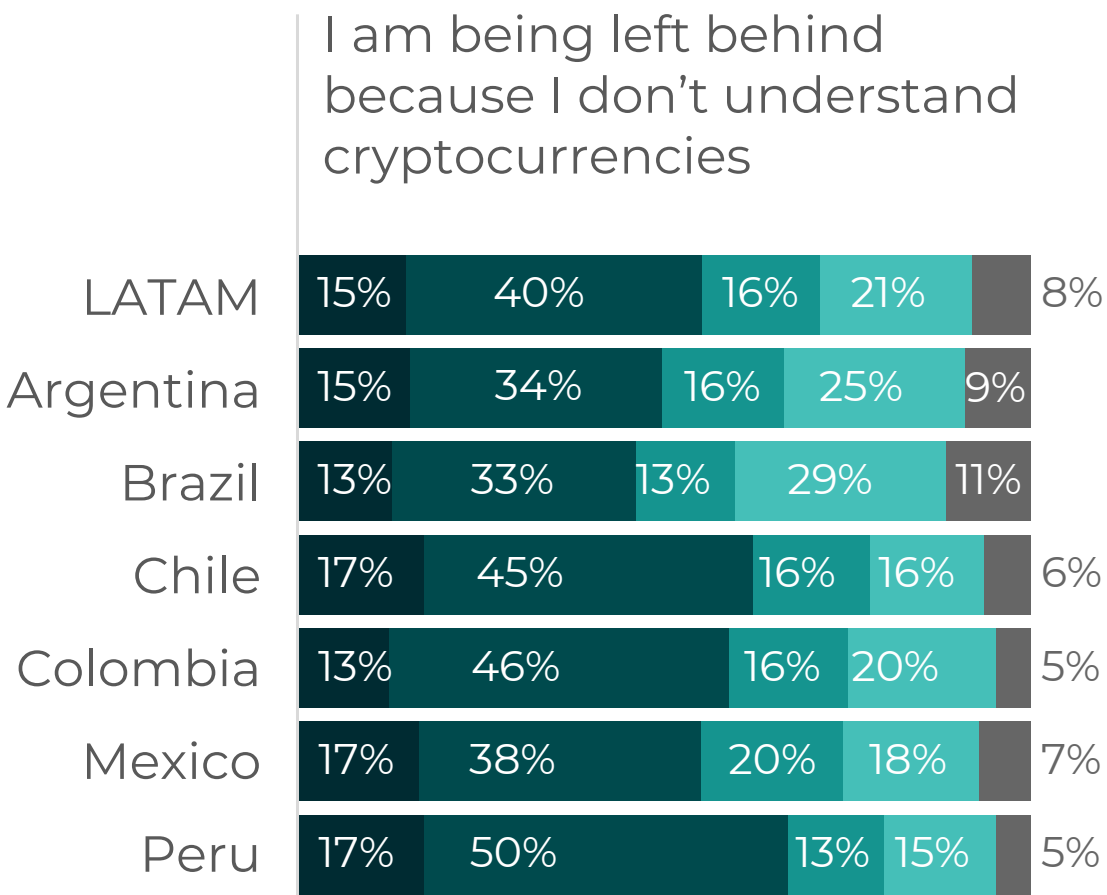
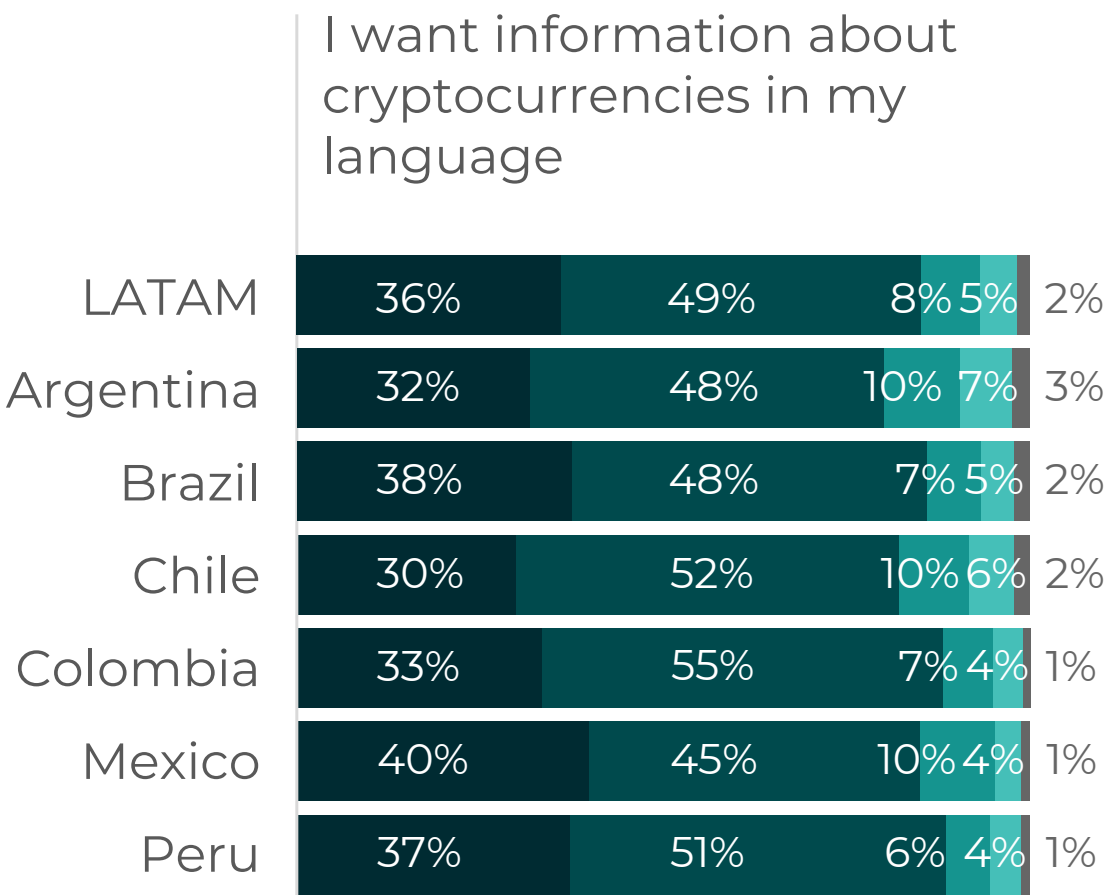
The feedback is clear from this consumer survey - Latin Americans want more information about cryptocurrencies in their own language, with 85% agreeing with this statement.

With crypto becoming an increasingly common buzzword, many in Latin America have a fear of missing out. In fact, 55% of respondents across the region were of the opinion that ‘I am being left behind because I don’t understand cryptocurrencies,’ a sentiment most strongly reflected in Peru (67%), and of least concern in Brazil where only 47% agreed. This lack of understanding can translate into fear, and 65% in our Latin American survey agreed that: ‘Investing in crypto is risky because I don’t understand enough.’

Meanwhile, 65% in our Latin America survey said that ‘Massive adoption of crypto will increase exclusion for people that don’t understand it.’ This sentiment was strongest in Colombia with 64% citing this worry, along with 63% in Peru.

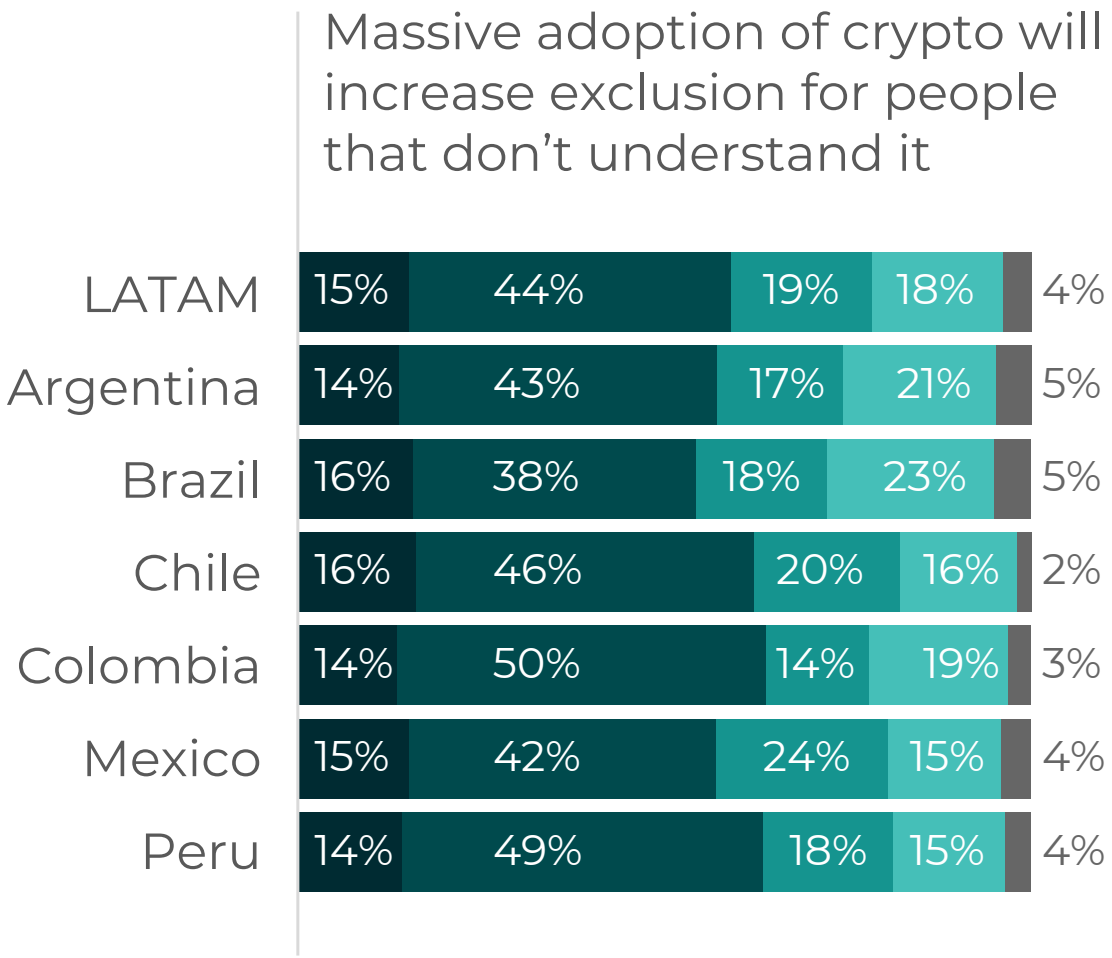
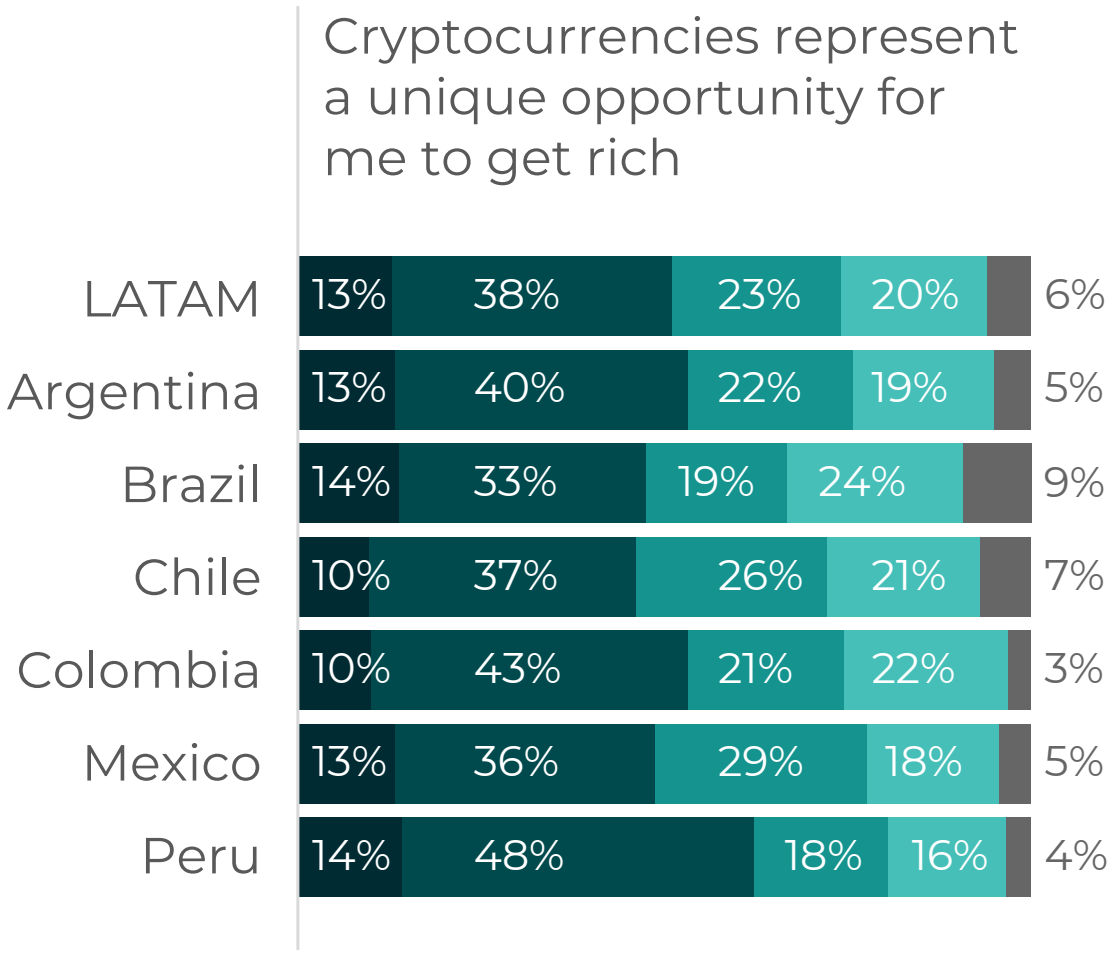
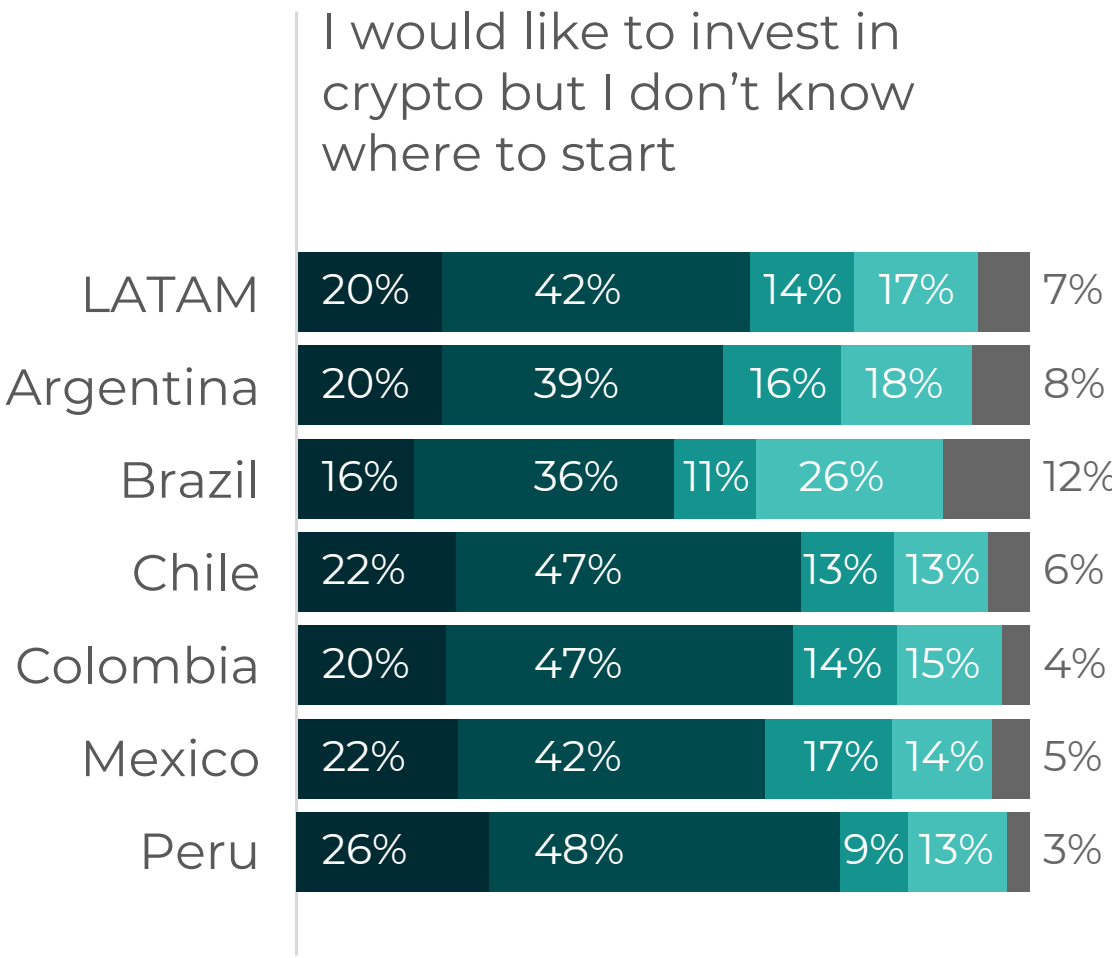
Mark agree or disagree with the following statements:

Strongly agree Agree Neither agree nor disagree Disagree Strongly disagree



Mark agree or disagree with the following statements:

Strongly agree Agree Neither agree nor disagree Disagree Strongly disagree



The importance of CBDC's

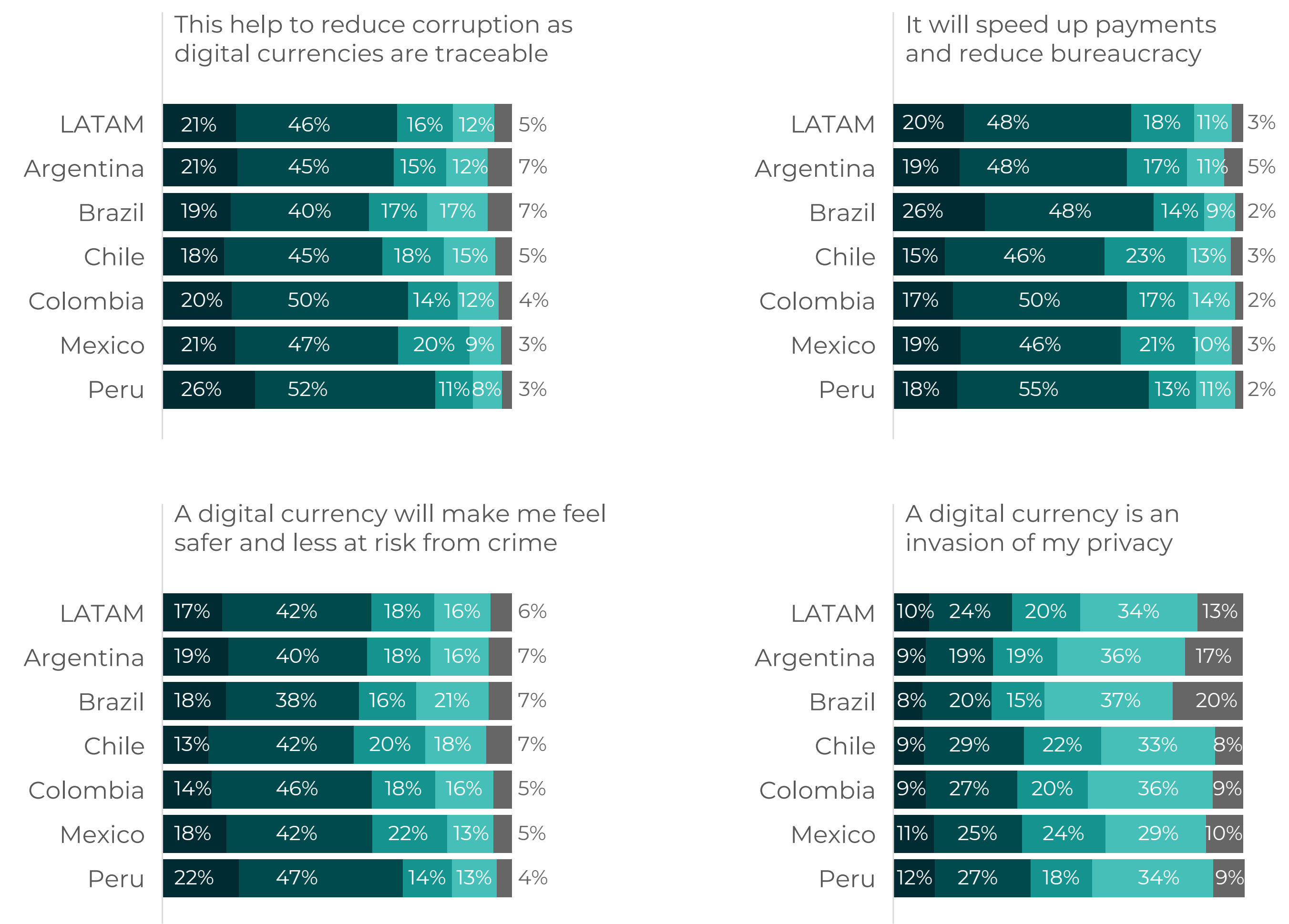
There is a strong belief in Latin America that Central Bank Digital Currencies (CBDCs) can help combat corruption because they are traceable with 67% of respondents (two in three people) agreeing with this statement. The country with the most substantial support in this direction was Peru, with 78% of respondents agreeing with this statement. Seven of ten (68%) of survey respondents were of the opinion that CBDC's will 'speed up payments and reduce bureaucracy.'

However, many felt that such digital currencies offered the government a means of watching them. More than half (56%) of our sample felt that CBDCs are 'a way for the government to monitor my spending habits,' with 64% in Colombia sharing this opinion, as compared to 48% in Argentina. One in three (34%) across the region agreed that 'A digital currency is an invasion of my privacy.'

Overall, it is clear that there is a relatively high level of ambiguity around Central Bank digital currencies, with 62% across the region reporting that they 'don't know enough about digital currencies.' This sentiment was highest in Brazil and Chile, at 65% respectively.

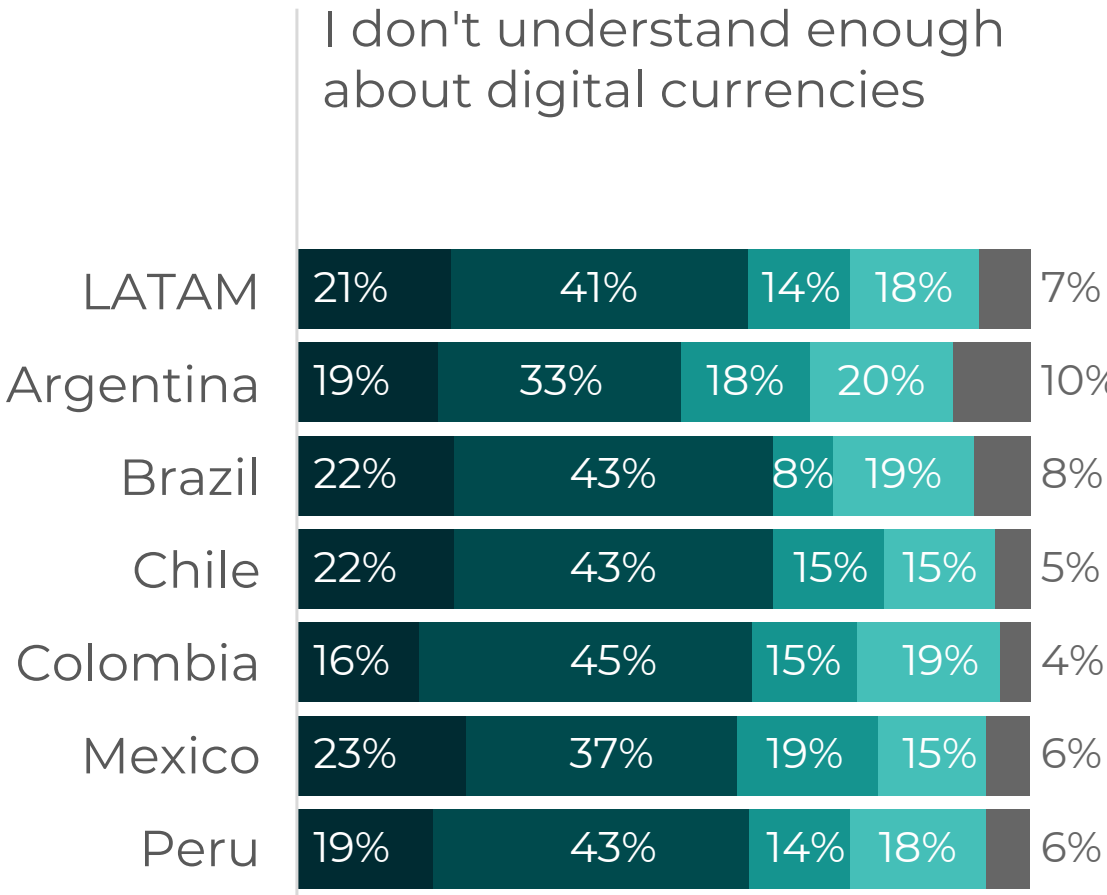
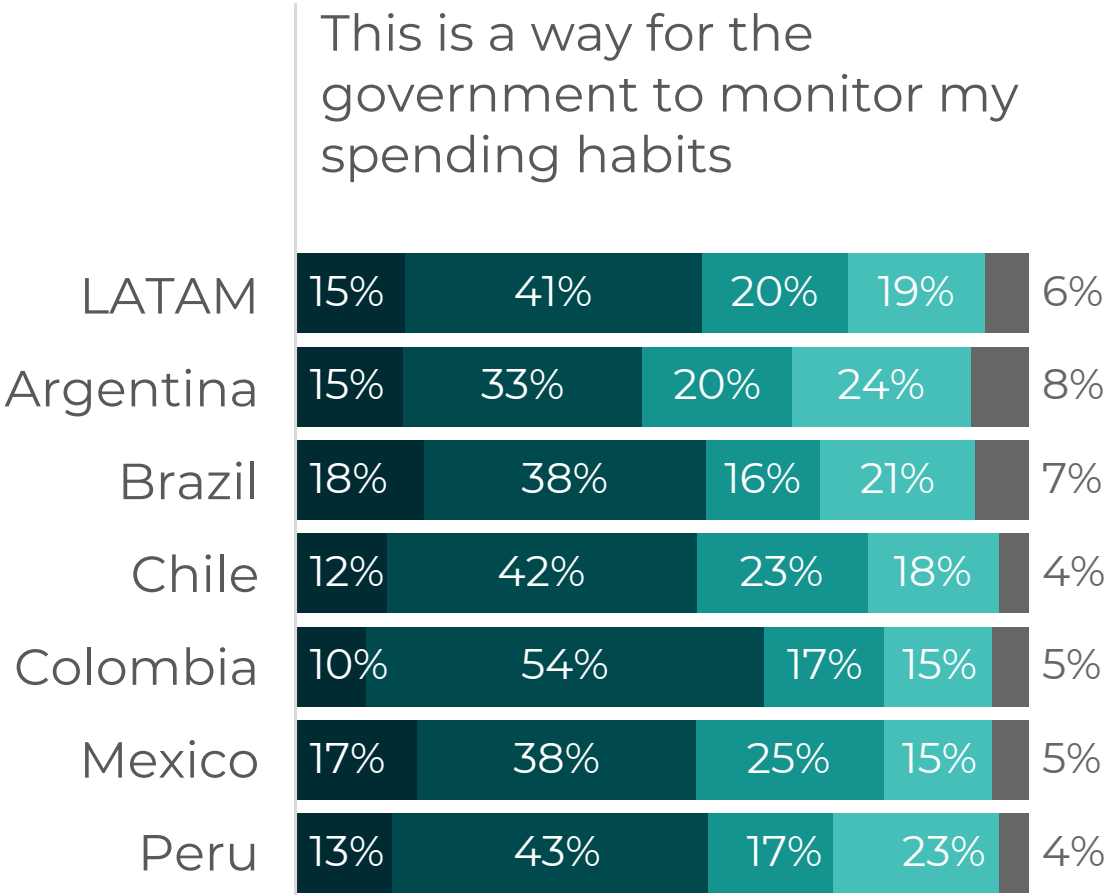
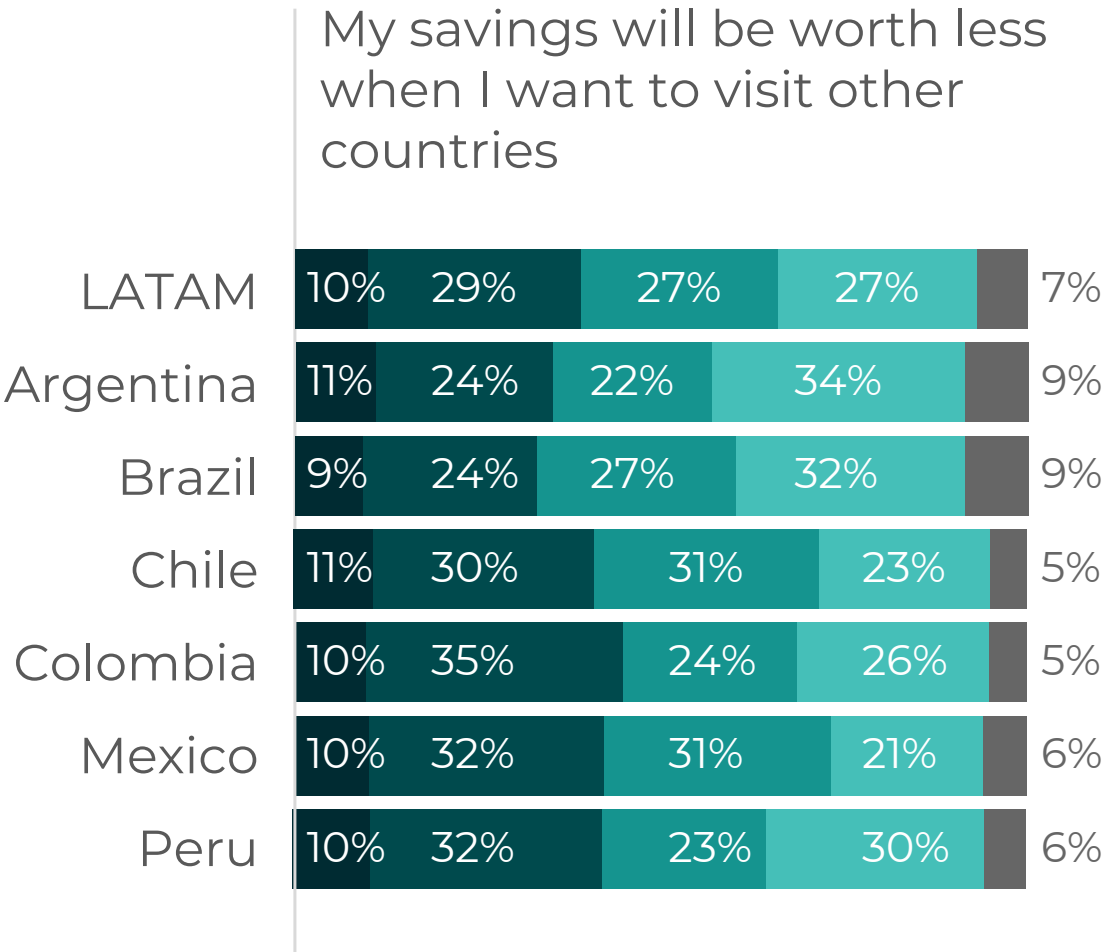
 **The Brazilian Central Bank will launch a digital currency this year.**
     **The Brazilian Central Bank is preparing to launch a digital currency. Do you think your government should do this too?**
Mark agree or disagree with the following statements:

 Strongly agree  Agree  Neither agree nor disagree  Disagree  Strongly disagree



 The Brazilian Central Bank will launch a digital currency this year.
 The Brazilian Central Bank is preparing to launch a digital currency.
Do you think your government should do this too?
Mark agree or disagree with the following statements:

 Strongly agree  Agree  Neither agree nor disagree  Disagree  Strongly disagree

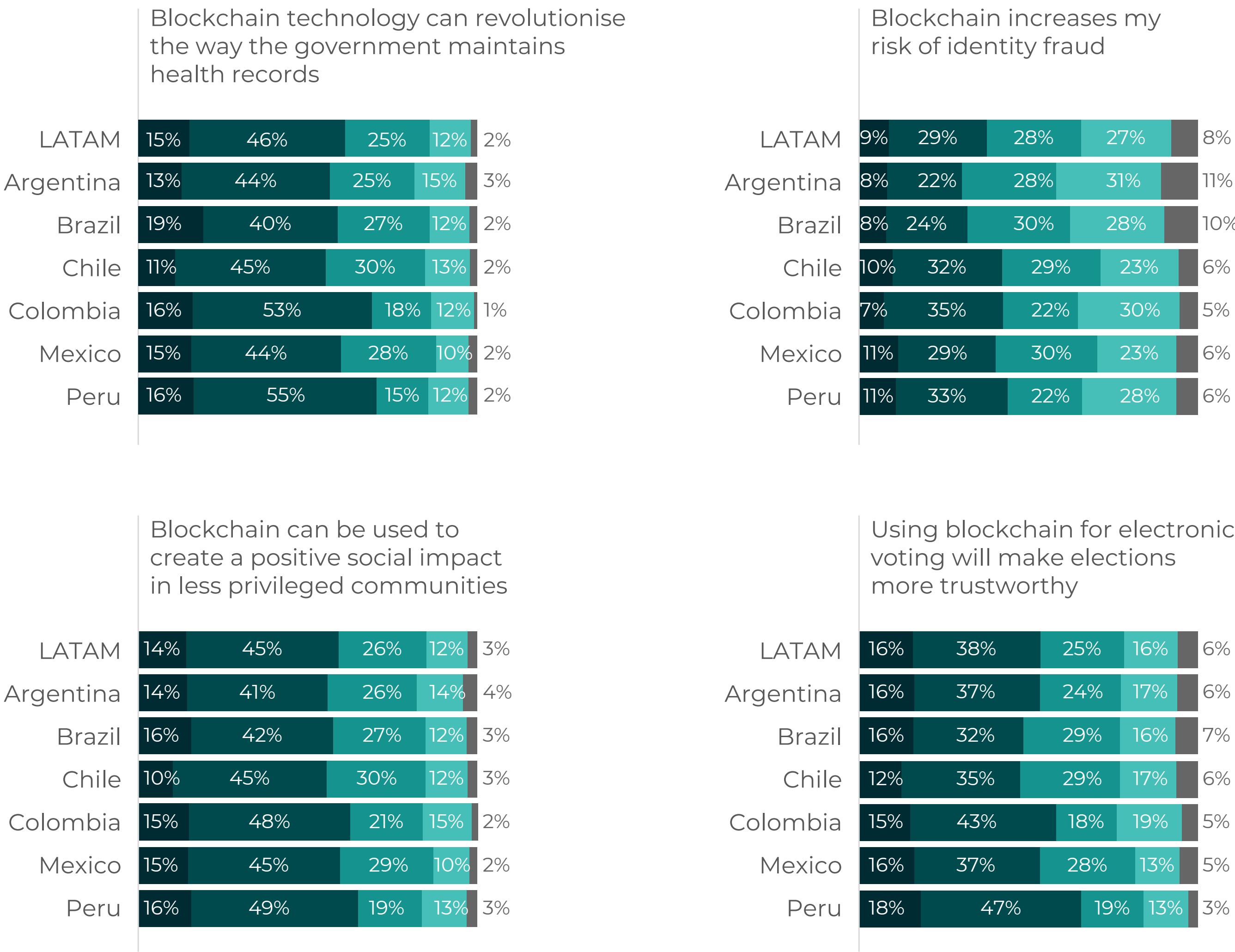


Overall blockchain perceptions

According to our survey findings, blockchain has an excellent reputation in Latin America. Latin American respondents see the technology as having positive impacts in other areas that go beyond just business and the financial market sectors. In the region, 61% of our survey sample agree that blockchain technology can revolutionise how governments maintain health records, 59% see blockchain as a tool for positive impact in underdeveloped communities, and 60% trust blockchain as a secure way to send donations to non-governmental organisations.

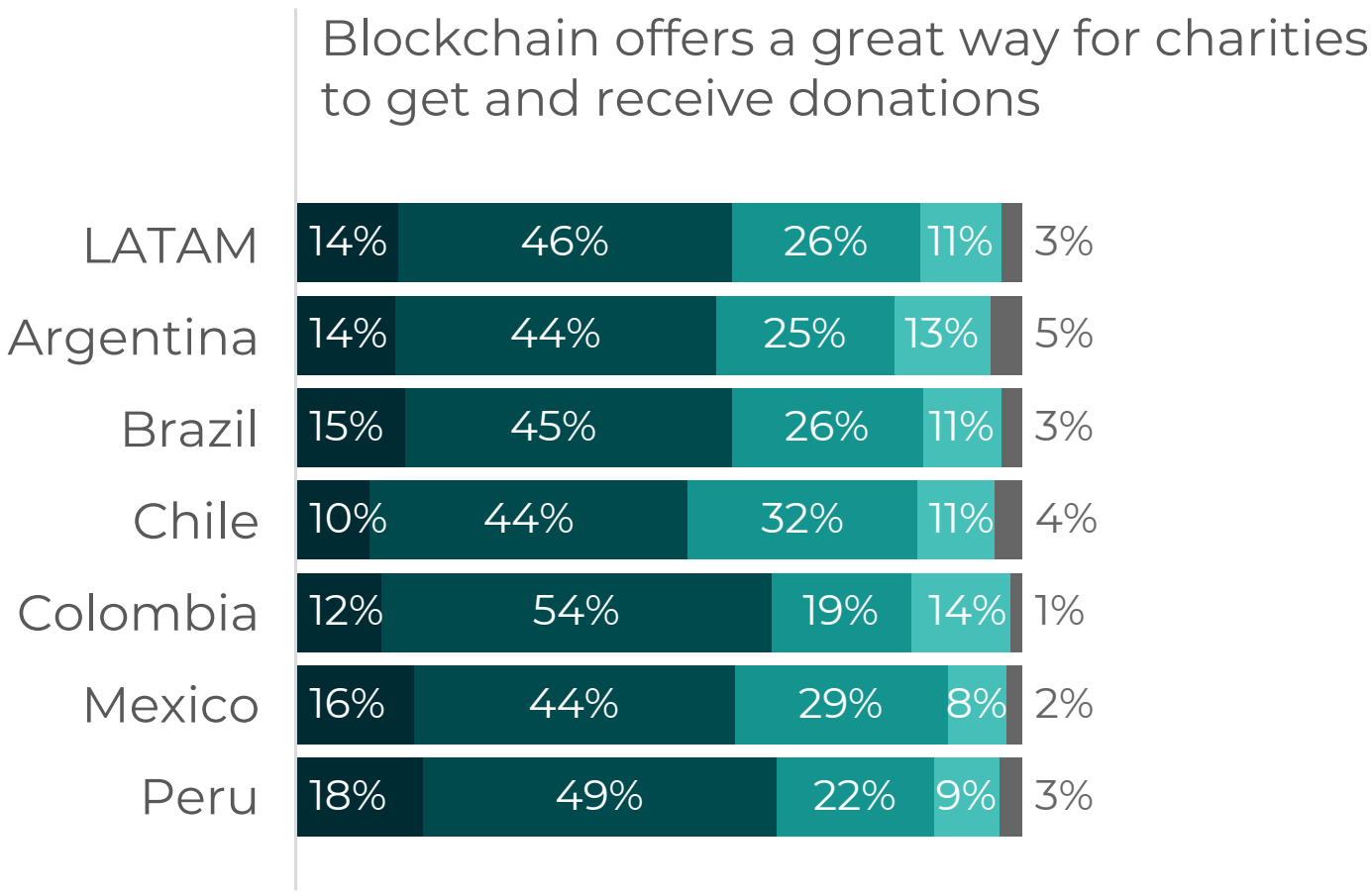
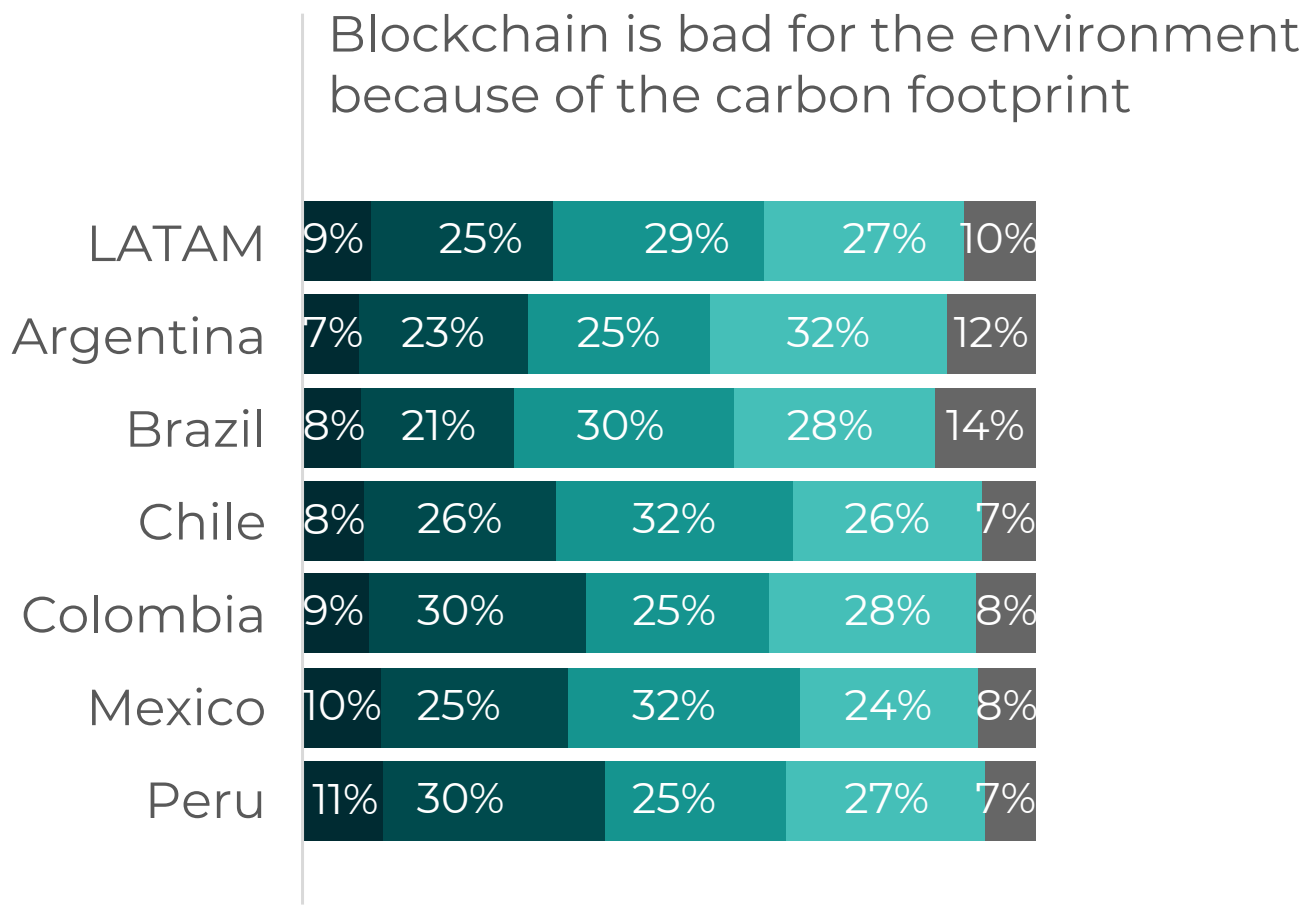
Furthermore, just over half (54%) of respondents in Latin America believe the use of blockchain could make elections more reliable through electronic voting records. This sentiment was strongest in Peru, where 65% agreed with the statement, while just 47% in Chile agreed.

Mark agree or disagree with the following statements relating to blockchain:



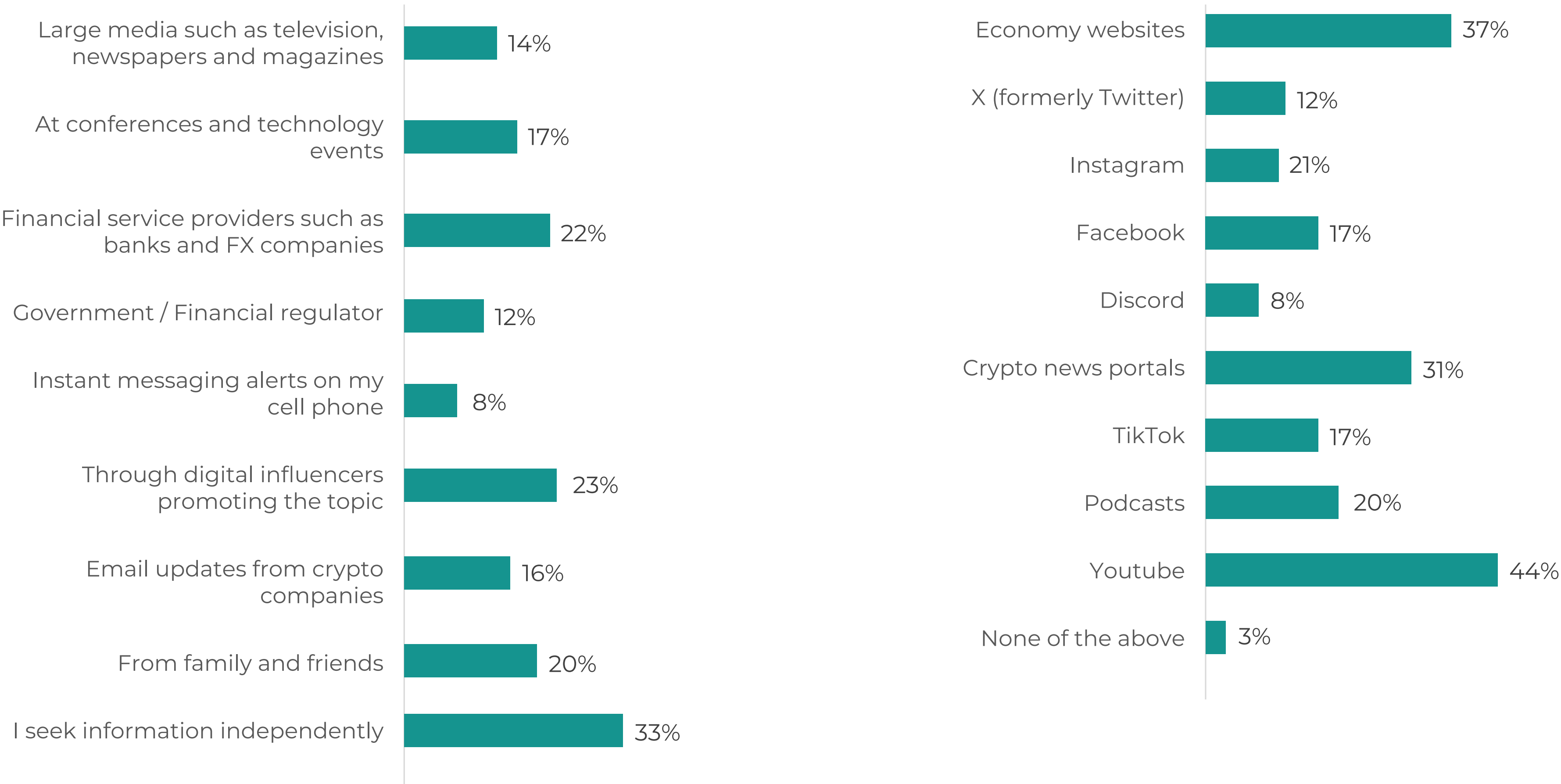
Mark agree or disagree with the following statements:

Strongly agree Agree Neither agree nor disagree Disagree Strongly disagree



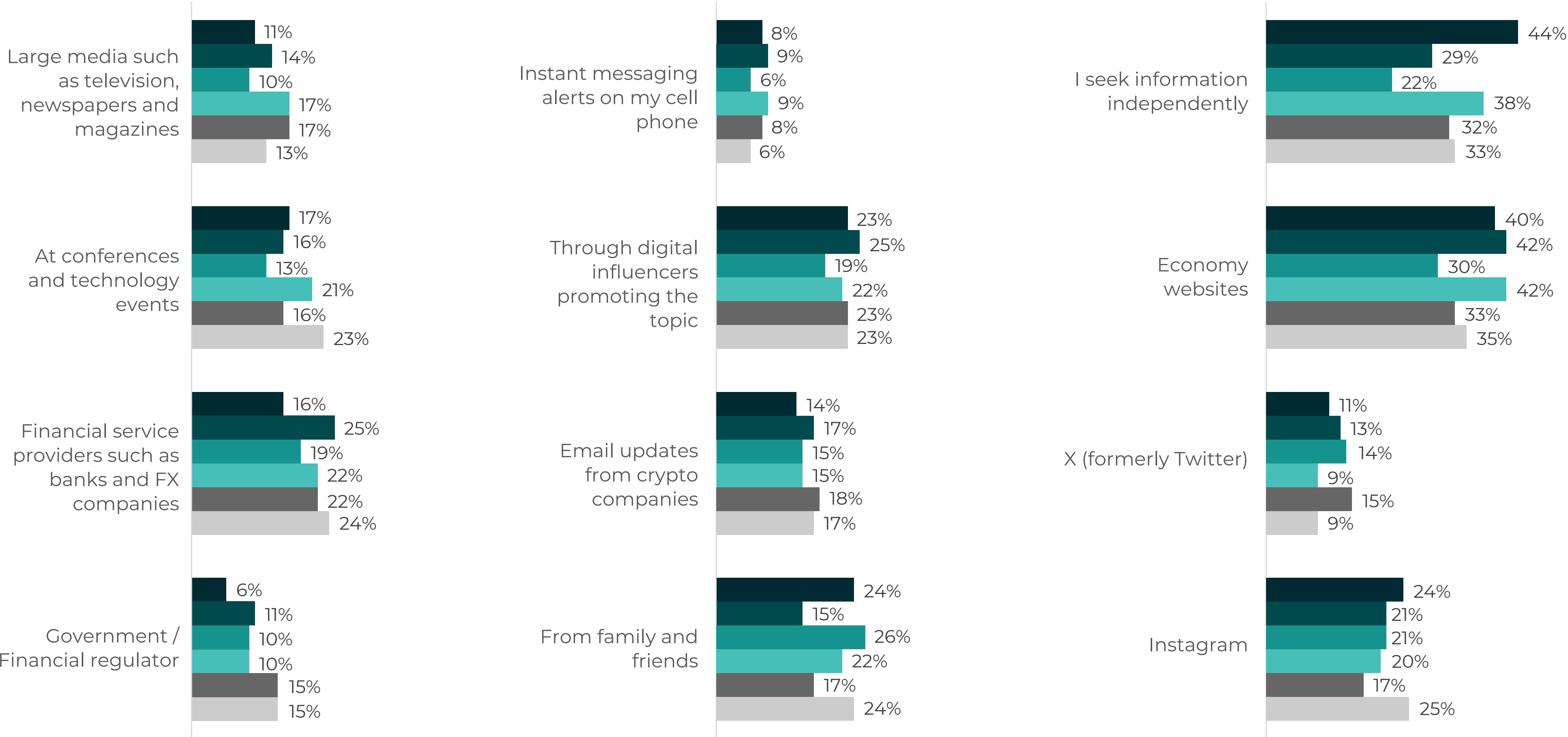
Where do you find reliable information and updates about cryptocurrencies? Select all that apply
(Question replied to by those with crypto investment experience)

■ Latin America

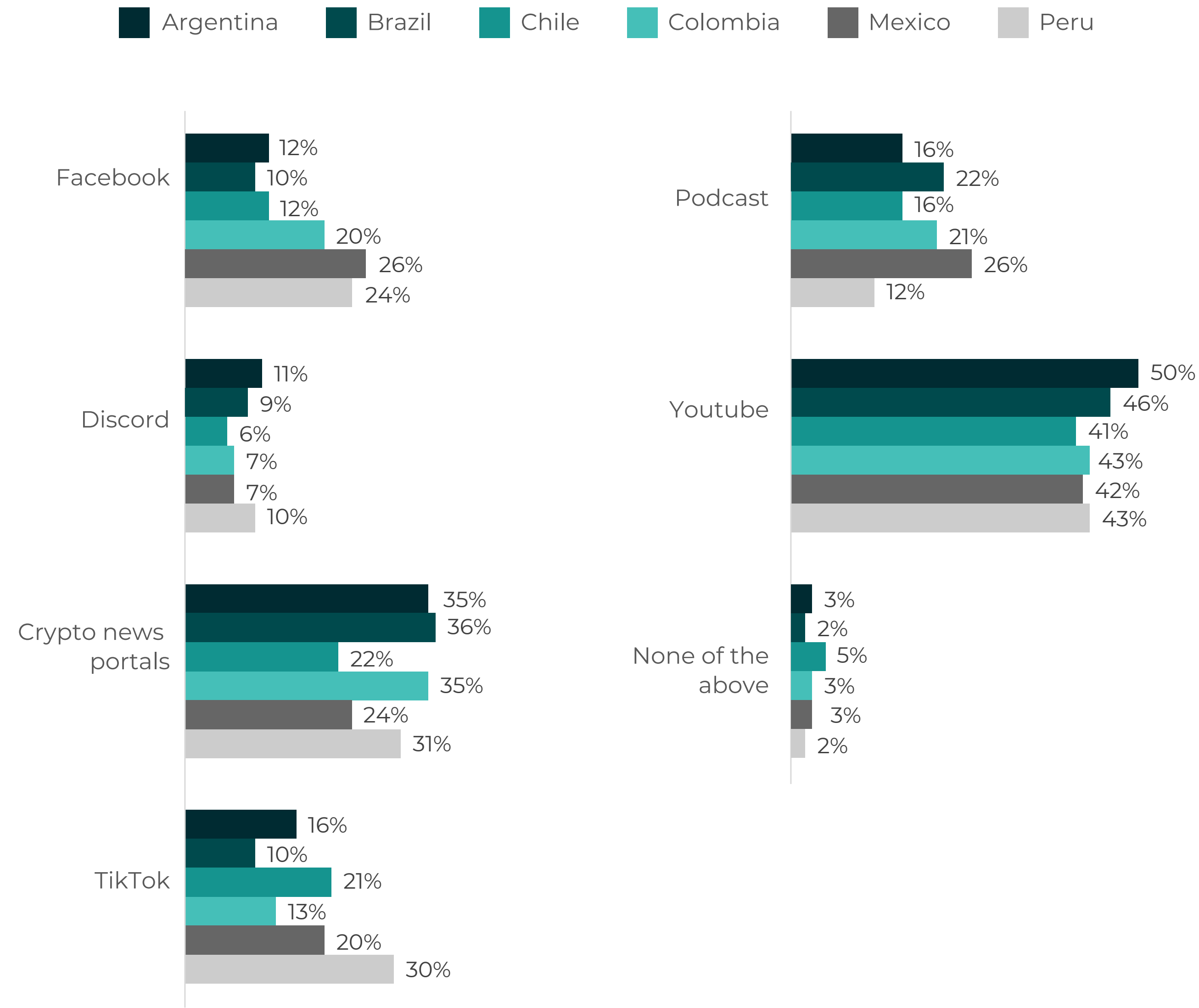


Where do you find reliable information and updates about cryptocurrencies? Select all that apply (Question replied to by those with crypto investment experience)

Argentina Brazil Chile Colombia Mexico Peru



Where do you find reliable information and updates about cryptocurrencies? Select all that apply
(Question replied to by those with crypto investment experience)



GLOSSARY

_Blockchain: A decentralised digital ledger that records transactions across multiple computers in a manner that ensures the security, transparency, and immutability of the data. Blockchain technology forms the foundation of cryptocurrencies and can be used for a wide range of applications beyond financial transactions.

_Web3: A concept for a new iteration of the World Wide Web based on blockchain technology, featuring decentralisation, user sovereignty, and a native economy powered by cryptocurrencies and tokens. It aims to create an internet where users control their own data, identities, and transactions.

_Play-to-Earn (P2E): A gaming model where players can earn real-world rewards, often in the form of cryptocurrencies or digital assets, for in-game activities. These games incorporate blockchain technology to enable secure and transparent ownership and trading of in-game assets.

_Metaverse: A collective virtual shared space, created by the convergence of virtually enhanced physical reality, augmented reality (AR), virtual reality (VR), and the internet. The metaverse offers immersive digital environments where users can interact, socialise, work, and play.



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_Decentralised Finance (DeFi): An ecosystem of financial applications built on blockchain networks that operate without central financial intermediaries. DeFi utilises smart contracts to provide services such as lending, borrowing, trading, and earning interest in a peer-to-peer manner.

_Regenerative Finance (ReFi): A financial movement aiming to redirect capital towards sustainable and equitable systems that restore and regenerate ecological and social systems. It combines the principles of regenerative economics with decentralised finance mechanisms to support environmental sustainability and social equity.

_Bitcoin ATM: A kiosk that allows individuals to purchase Bitcoin and other cryptocurrencies using fiat money or debit cards. Some Bitcoin ATMs offer bi-directional functionality, enabling both the purchase of cryptocurrencies and the sale of cryptocurrencies for fiat money.

_Crowdfunding: A method of raising capital through the collective effort of friends, family, customers, and individual investors. This approach taps into the collective efforts of a large pool of individuals, primarily online via social media and crowdfunding platforms, to support projects and ventures.

_Cryptocurrency: A digital or virtual currency secured by cryptography, making it nearly impossible to counterfeit or double-spend. Cryptocurrencies leverage blockchain technology to gain decentralisation, transparency, and immutability.

_Digital Asset: An asset that exists in a digital format, including cryptocurrencies, tokens, and other types of digital resources. Digital assets are characterised by their ownership or use rights being recorded on a blockchain or other forms of digital ledger technology.

_Fiat Currency: Currency that a government has declared to be legal tender, but it is not backed by a physical commodity. Instead, the value of fiat money is derived from the relationship between supply and demand and the stability of the issuing government, rather than a physical good or guarantee.

_Initial Coin Offering (ICO): A fundraising mechanism in which new projects sell their underlying crypto tokens in exchange for bitcoin, ether, or other cryptocurrencies. It's somewhat similar to an Initial Public Offering (IPO) in which investors purchase shares of a company.

_Mining: The process by which transactions are verified and added to the public ledger, known as the blockchain, and also the means through which new cryptocurrencies are released. Participants who complete this process are rewarded with cryptocurrency tokens.

_Orange Pilling: Is a term derived from the well-known 'Red Pill' metaphor from the movie 'Matrix' and has been embraced by the cryptocurrency community. It describes the process of learning and discovery of Bitcoin and other cryptocurrencies, symbolising a shift in perspective towards the traditional financial system. It promotes the

vision of a more equitable and decentralised financial future.

_Peer-to-Peer (P2P): A decentralised network architecture that distributes tasks, workloads, or transactions evenly across the participants in the network. In the context of blockchain, P2P refers to the direct exchange of cryptocurrencies or data between parties without the need for a central authority.

_Regulatory Sandbox An experimental framework that allows fintech and blockchain startups to test their products, services, and business models in a live environment with real consumers, subject to regulatory oversight and safeguards.

_Token: Digital units created on existing blockchains representing various assets or utilities. Tokens can represent assets like commodities, stocks, or real estate, and they can also provide access to services or function as part of governance mechanisms within decentralised applications.

_Wallet: A digital wallet stores the user's cryptocurrency addresses and private keys. It can take various forms, including software wallets (desktop, online, or mobile), hardware wallets (physical devices), and paper wallets (printed QR codes).



SHERLOCK COMMUNICATIONS

Sherlock Communications (www.sherlockcomms.com) is a multi-award-winning communications and digital marketing agency in Latin America. Headquartered in São Paulo, the company also has a presence in Rio de Janeiro, Lima, Bogotá, Santiago, Mexico City, Buenos Aires, San José, Panama City and Guatemala City. **With a multidisciplinary and fully bilingual team**, our mission is to help companies bridge the commercial and cultural gap between Latin American and foreign markets.

The agency was named **Best International Agency 2023** and **Best Agency in LATAM 2022 by PRWeek Global Awards**. Sherlock Communications has won and been highly recommended for more than 55 global awards over the past two years, and was named the **second most creative agency in the world** and the **most creative in Latin America** by The Holmes Report's Creative Index.

For more information please send an email to contact@sherlockcomms.com

Managing Partner Patrick O'Neill | **Research Manager** Sarah O'Sullivan | **Lead Researcher** Luiz Eduardo Abreu Hadad | **Junior Researcher** Lucas Rocha |
Creative Design Producer Adalberto Souza | **Creative Design Assistant** Érica Duarte

