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Bolivia Touts Cryptocurrency as a 'Reliable Alternative' in Landmark Partnership with El Salvador

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Bolivia has formally embraced cryptocurrency as a legitimate financial tool through a new partnership with El Salvador, reversing its previous stance that banned virtual assets. The Bolivian Central Bank signed a memorandum of understanding with El Salvador's National Commission of Digital Assets (CNAD), describing cryptocurrency as a "reliable alternative" to traditional currencies. The agreement aims to facilitate information sharing, regulatory cooperation, and technical development between the two countries as Bolivia's virtual asset market continues to expand rapidly.

Under the newly signed agreement, Bolivia and El Salvador will collaborate on blockchain intelligence, risk analysis, and regulatory strategies. The partnership is indefinite and comes at a time when Bolivia's virtual asset usage has jumped by 532% from $46.5 million to $294 million between June 2024 and June 2025. The shift follows Bolivia's adoption of Board Resolution 082/2024 in June 2024, which legalized the use of virtual assets in cross-border transactions and e-commerce payments.

This partnership marks a dramatic change in Bolivia's approach to digital finance. For years, the country maintained strict prohibitions on cryptocurrencies. Now, its financial institutions are reporting significant growth. Six regulated entities began offering virtual asset services, reporting a 40% increase in activity between July and August 2024. Transaction volumes exceeded 1.1 million between July and September, compared to 932,000 in the previous six months. The Central Bank has also launched over 30 educational workshops, reaching thousands of Bolivians to raise awareness about cryptocurrency benefits and associated risks.

Bolivia's policy turn has also had practical applications. In March 2025, the Central Bank authorized the state oil firm, Yacimientos Petrolíferos Fiscales Bolivianos (YPFB), to use cryptocurrency for purchasing crude oil and diesel from foreign suppliers. This decision, made to mitigate foreign currency shortages, allows YPFB to conduct transactions in U.S. dollars or crypto. The government estimated that Bolivia needs $60 million weekly for fuel imports and issued a decree allowing budgetary flexibility to accommodate the financial costs.

By leveraging El Salvador's regulatory experience, especially as the first country to adopt Bitcoin (BTC) as legal tende,r Bolivia aims to build a secure and well-regulated crypto ecosystem. El Salvador's CNAD has emerged as a leading authority in Latin America on digital asset policy, despite facing limitations from the International Monetary Fund (IMF).

In February 2025, the IMF imposed conditions on El Salvador as part of a $1.4 billion loan agreement. These restrictions included halting new government Bitcoin purchases and privatizing the state-run Chivo wallet by July 2025. According to IMF documentation, El Salvador has not made any new Bitcoin acquisitions since the agreement, despite prior public statements from President Nayib Bukele. Current holdings stand at approximately 6,244 Bitcoin, valued at around $742 million.

While the IMF acknowledged El Salvador's updated crypto policies for improving fiscal transparency and minimizing risk, the agreement effectively ends Bitcoin's mandatory status as legal tender. El Salvador's role in crypto regulation, however, remains influential. The CNAD continues to promote security and compliance across the sector. Nonetheless, organizations like My First Bitcoin, which previously helped advance public education on digital currency, report a noticeable decline in adoption efforts since the IMF deal.

Bolivia's alignment with El Salvador signals broader interest among emerging economies in digital assets as tools for financial inclusion and international trade, particularly in countries navigating currency shortages or geopolitical pressures. With both nations at different stages of implementation, their cooperation could shape how crypto policy evolves in Latin America and beyond.