

Profitable INVESTING Tips

Stock Market Investing Tips, Techniques, and Resources



Failure of El Salvador's Bitcoin Revolution

By: www.ProfitableInvestingTips.com

El Salvador is the smallest Central American country, nestled along the Pacific Ocean between Guatemala and Honduras. It made news in the cryptocurrency world in 2019 when it passed a [Bitcoin Law](#) making Bitcoin legal tender and exempting money exchanges with Bitcoin from capital gains taxes. Three years later only 1.6% of money sent home by expats working offshore comes as Bitcoin and 86% of businesses have never made a sale in Bitcoin. What accounts for the failure of El Salvador's Bitcoin revolution?

Why Did El Salvador Pass a Bitcoin Law?

As much as sixty percent of some family's income in El Salvador comes from money sent back home from Salvadorans working in the USA and elsewhere "offshore." That accounts for a fifth of the gross national product. The Salvadoran president believed that making Bitcoin legal tender would simplify money transfers and make them cheaper in a nation where seventy percent of people have no access to traditional financial services like banks. El Salvador launches the chivo (cool) wallet to facilitate this effort. Thus a person only needed a smart phone and an internet connection to receive money.

How Has El Salvador's Bitcoin Experiment Worked Out?

According to *Bloomberg*, El Salvador's [Bitcoin experiment is failing miserably](#). Only one in five merchants in El Salvador have adopted Bitcoin payment systems. Along the way bugs in the chiva software allowed traders to make hundreds of thousands of dollars hacking the system. While Bitcoin has tanked the country's other currency, the US dollar has soared. When asked about the app, the vast majority Salvadorans surveyed say they have not bothered or simply could not understand it when they tried downloading or using it. Meanwhile the country's president is crowing about how successful it is and is planning to evict poor coastal farmers to establish a Bitcoin city, airport and all.

Why Is the Salvadoran Bitcoin Experiment Failing?

A big part of the reason for the Bitcoin experiment failure is that Bitcoin crashed and entered [Bitcoin winter](#). A bigger reason is that only two-thirds of Salvadorans have a smartphone with internet access. Compounding that problem has been the complexity of accepting Bitcoin transfers and converting to the US dollar, which is El Salvador's other currency. People who would use this route to send and receive money because they do not have a traditional financial establishment to help them still need someone with the expertise to work the chiva app. The government gave people a \$30 bonus for downloading the Bitcoin app. The majority of those who downloaded the app spent the \$30 and never used the app again. Businesses say that virtually all Bitcoin sales are to tourists. There are lots of [Bitcoin ATMs](#) in the cities but not in the countryside where there typically is no internet access.

El Salvador: Gangs and Corruption

El Salvador experienced a brutal civil war from 1979 to 1992 after which it has been plagued by [gang violence](#). The end result of this continual chaos is that more than a fourth of the Salvadoran population lives and works in the USA and sends money home. (Population in El Salvador, 6.5 million, population in the USA, 2.3 million). Of those living in El Salvador, nearly a fourth live in dire poverty and many exist virtually day to day. The Bitcoin strategy was supposed to get money to people in poverty, stimulate the economy, and help relieve negative aspects of life in El Salvador like gang violence. It has done none of this and rather has siphoned money out of the national treasury that could have gone for better use. The [Bloomberg article](#) expands on this situation and the mismanagement and outright corruption involved in what appears to be more a matter of Bitcoin shenanigans than a realistic program to help Salvadorans.

For more insights and useful information about investments and investing, visit www.ProfitableInvestingTips.com.

FREE training materials.

Free Weekly Investing Webinars

Don't miss these free training events!

<http://www.profitableinvestingtips.com/free-webinar>

Forex Conspiracy Report

Read every word of this report!

<http://www.forexconspiracyreport.com>

Get 12 Free Japanese Candlestick Videos

Includes training for all 12 major candlestick signals.

<http://www.candlestickforums.com>

Disclaimer: Trading and investing involves significant financial risk and is not suitable for everyone. No content on this document should be considered as financial, trading, or investing advice. All information is intended for educational purposes only.

