

Mexico finance secretariat on bitcoin



**ASSIGN
BUSTER**

The Secretariat of Finance and Public Credit of Mexico explained that bitcoin can be used as a payment method while at the same time placing a series of restrictions on transactions involving the digital currency.

Last year, following a number of statements by other central banks, the Bank of Mexico has warned the public through a statement on its website.

The statements suggest that the financial institutions are not authorized to use or carry out any operations with digital currencies.

The bank stated mentioning bitcoin and litecoin, “ Digital currencies are not legal tender currency in Mexico, since the Bank of Mexico does not issue nor back them. Furthermore, their use as a form of payment is not guaranteed, since businesses and anyone else are not required to accept them.”

A loosely translated version of the statement reads, “ According to guidelines focused on the risks of virtual currencies issued by Grupo de Action Financiera Internacional, the use of virtual goods on an international level has resulted in a new way of transferring value via the Internet.

For this reason, it is necessary to take action on a national level to identify and lessen the risks that any of these instruments be used to launder money or finance terrorism.

With this in mind, and taking into account the remit of this Administrative Unit, we include virtual goods in the prohibition stated in article 32 of LFPIORPI, so it is forbidden to fulfill obligations, and in general, liquidate or pay, as well as accept payment in virtual goods as stated in the aforementioned article.”

Ben Peters, CTO at Bitso, a bitcoin exchange provider with a Latin American focus stated, “ My understanding is that the announcement from the Bank of Mexico is very similar to that made by other countries – in essence consisting of a warning to the public, and a restriction on financial institutions from dealing directly in Bitcoin.”

Article 32 of Mexico’s LFPIORPI – the country’s federal law which sets out to prevent and identify operations transacted with illicit goods – states that the use of cash or precious metals to purchase property or goods is prohibited in certain instances.

Enacted by the former president of Mexico, Felipe Calderon, the LFPIORPI came into law in July 2013.

Recently, in the campus of Universidad de las Americas Puebla in Mexico, Cafe Punta de Cielo has started to accept bitcoin as a payment method.

It is the first Mexican university to have a store accepting bitcoin, for which Bitso is administrating the bitcoin processing integration.