

El Salvador: the national experiment

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The most frequently cited international comparison is El Salvador, which in 2021 became the first State to make bitcoin legal tender. The Bitcoin Law obliged every economic agent to accept bitcoin and introduced a State wallet, Chivo, with an incentive for citizens who downloaded it. The government bought bitcoin for the State's own account.¹ The experiment met with scepticism from the International Monetary Fund and the rating agencies. In early 2025, as prior actions for an Extended Fund Facility arrangement of about USD 1.4 billion that the IMF approved in February 2025, the Legislative Assembly amended the law to make acceptance of bitcoin by private agents voluntary and to restrict its use in transactions with the State. A regulation banning the payment of taxes in bitcoin took effect on 1 May 2025, the authorities undertook not to accumulate further bitcoin voluntarily, and the public sector was to end its participation in the Chivo wallet by the end of July 2025.² Surveys conducted in El Salvador after 2021 showed that only a minority of the population used bitcoin for payments.³

The links between El Salvador and Lugano are personal and institutional. The Plan B Forum has a sister event in El Salvador, for which a combined ticket is offered.⁴ A statue of Satoshi Nakamoto by the same artist stands in El Zonte on the Salvadoran coast.⁵ Tether moved its headquarters to El Salvador in 2025.⁶ Yet the legal difference could not be greater. El Salvador used its sovereign power over currency to give bitcoin the status of legal tender and to hold it as a State reserve. Lugano has no such power, has never claimed it and holds no bitcoin. The comparison is useful mainly because it shows the upper limit of what a State can do and the practical difficulties even a State encounters when it tries to make bitcoin a general means of payment.

1 Other cities and the limits of municipal tokens

Several cities in other countries have experimented with Kryptowerte und Digital Assets in the same period. The best-known case is Miami, whose city token "MiamiCoin", launched in September 2021 on the Stacks blockchain with the mayor's stated hope of funding the city's activities through its issuance and mining, lost more than 90 per cent of its value and was delisted from its last exchange within a year.⁷ Other cities announced the acceptance of bitcoin for taxes or the purchase of bitcoin for their reserves without lasting results. The common lesson is that municipal tokens with a speculative element and municipal holdings of volatile assets have failed, while arrangements that limit the city to accepting payments through a regulated intermediary have survived with low volumes. Lugano's LVGA, designed as a loyalty token without a speculative element, and its payment system, designed to keep all risk with the intermediary, belong to the second group. That design choice is the main reason why Plan B has avoided the fate of the more ambitious municipal experiments.

Common misconception. Plan B is often presented as a Swiss version of El Salvador's bitcoin policy. The two have little in common legally. El Salvador made bitcoin legal tender by statute in 2021, required its acceptance and bought bitcoin for the State, before making acceptance voluntary in 2025. Lugano can do none of these things under Swiss law. Its programme consists of a voluntary payment option with immediate conversion into francs, a local loyalty token, events and education, all under a non-binding cooperation with a private company.

2 Notes

1. Ley Bitcoin, Decreto Legislativo No. 57 (above); Chivo wallet and incentive of USD 30. ↩
2. IMF, El Salvador: 2025 Article IV Consultation and First Review under the Extended Fund Facility, Country Report, 15 July 2025, <https://www.imf.org/en/publications/cr/issues/2025/07/15/el-salvador-2025-article-iv-consultation-first-review-under-the-extended-fund-facility-and-568621>, full text <https://www.imf.org/-/media/files/publications/cr/2025/english/1slvea2025004-source-pdf.pdf> (40-month arrangement approved in February 2025 with access of about USD 1.4 billion; amendments to the Bitcoin Law as prior actions, voluntary acceptance and restrictions on the public sector; regulation banning tax payments in bitcoin effective

- 1 May 2025; commitment not to accumulate bitcoin voluntarily; unwinding of public participation in Chivo by end-July 2025). ↩
3. Surveys of the Universidad Centroamericana José Simeón Cañas (UCA) on the use of bitcoin in El Salvador, 2022–2024. ↩
 4. Plan B Forum (above). ↩
 5. Milano Finanza (above). ↩
 6. Wikipedia, "Tether (cryptocurrency)" (above). ↩
 7. Wikipedia (used as a last resort), "MiamiCoin", <https://en.wikipedia.org/wiki/MiamiCoin> (launched in September 2021 on the Stacks blockchain; delisted from its last exchange less than a year later after losing over 90 per cent of its value). ↩

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