US encourages El Salvador to regulate use of bitcoin

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A senior US State Department official has recommended to El Salvador that it regulate bitcoin once it becomes legal tender in the Central American nation.

A senior US State Department official met El Salvador President Nayib Bukele on Wednesday and recommended the regulation of bitcoin once

it becomes legal tender in the Central American country from September.

El Salvador uses the US dollar as its official currency but on June 9 approved the adoption of bitcoin as its legal currency. It intends to use the cryptocurrency for all transactions, making it the first country to do so.

"I did suggest to the president that whatever El Salvador chooses to do, you ensure that it is well regulated, that it is transparent and that it is responsible, and you protect yourself against malign actors," said Victoria Nuland, the Under Secretary of State for Political Affairs.

Nuland said she told Bukele that the United States was taking "another tough look at bitcoin" after the Colonial Pipeline cyberattack.

That attack in May forced a temporary halt of operations at Colonial, which transports about 45 percent of fuel consumed on the east coast of the United States. The company agreed to pay a ransom in bitcoin worth $4.4 million to the hackers.

The Salvadoran government recently discussed its bitcoin decision with the International Monetary Fund, a meeting Finance Minister Alejandro Zelaya said was productive.

The World Bank, however, rejected a request from El Salvador for assistance in its attempt to adopt bitcoin as an official currency.

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