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Dominican Republic

Between Caution and Quiet Preparation: The Dominican Republic's Evolving Stance on Cryptocurrency and Digital Assets

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BIO

Fabio Guzmán Saladín is Chair of the Corporate and M&A department and a lead figure in the firm's most significant cross-border transactions. He advises on mergers and acquisitions, project finance, corporate restructurings, and capital markets cases, with a strong focus on inbound investment and international deal structuring.

He has developed a reputation among global and domestic clients for his ability to manage complex corporate frameworks, high-stakes negotiations with a practical, business-minded approach. His sector reach is broad, including banking, fintech, energy (conventional and renewable), real estate, tourism, aviation, construction, retail, food and beverage, and free zones.

Mr. Guzmán Saladín regularly represents major international clients investing or operating in the Dominican Republic. His cross-border experience and market insight make him a key point of contact for multinational corporations with regional interests.

He is also a frequent contributor to international legal publications on M&A, project finance, and secured transactions and plays an active role as former President and current Treasurer of the Dominican-German Chamber of Commerce.

Fabio was recently elected Chair of the Board of Directors of SCG Legal, a global network of leading law firms. This achievement underscores his leadership in the market and reflects the global trust, peer recognition, and strong international relationships he has built.

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98 YEARS Since 1927

A case study in regulatory prudence within a rapidly transforming financial world.

Across Latin America, digital assets have stirred both enthusiasm and anxiety. From El Salvador's experiment declaring Bitcoin legal tender to Brazil's sophisticated regulatory frameworks, countries across the region have been forced to position themselves along the spectrum between innovation and control.

The Dominican Republic, however, has charted a distinctly conservative course. It has neither banned cryptocurrencies outright nor embraced them, choosing instead to observe, study, and fortify its traditional financial architecture. The result is a decade-long pattern of institutional caution—one that reveals how smaller, stability-oriented economies are navigating a global financial transformation they cannot ignore yet refuse to rush into.

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A Slow Awakening to a Fast-Moving Reality

In the mid-2010s, as Bitcoin began attracting regional attention, the Dominican Republic's financial authorities adopted a position of early skepticism. Their core message was simple: cryptocurrencies are not legal tender and carry substantial risks.

The Central Bank and the Monetary Board first formalized this stance in 2017 through a resolution reiterating that the Dominican peso is the sole legal currency, and that no institution or individual may issue or use digital currencies as official means of payment. This foundational statement set the tone for all subsequent communications.

While neighboring economies began experimenting with financial sandboxes or public–private dialogue on crypto regulation, Dominican authorities reinforced traditional boundaries. The nation's monetary authorities saw speculative trading and volatility not as innovation, but as potential threats to financial stability and consumer protection.

In practice, this meant that while citizens could own or trade cryptocurrencies privately, any attempt to integrate them into formal payment systems or banking operations was strictly prohibited. Exchanges and wallet providers operated in a gray area—unlicensed, unregulated, and under growing scrutiny from financial supervisors.

Institutional Voices in Unison: A Concerted Caution

What distinguishes the Dominican approach is the consistency among its regulators. Each institution, acting within its mandate, has contributed to a layered framework of informal yet firm boundaries.

The Central Bank and the Monetary Board

The Central Bank's role has been to defend the monetary order. Its communications have repeatedly emphasized that virtual assets do not constitute legal tender and that any product or service denominated in cryptocurrencies violates existing financial norms. The Monetary Board's 2017 resolution served as a cornerstone, effectively closing the door to crypto-based payment instruments until further notice.

This is not a reactionary ban—it is a reaffirmation of monetary sovereignty. The Dominican Republic's financial system has historically relied on prudence to maintain macroeconomic stability, and its regulators see digital currencies as a possible vector for capital flight, tax evasion, and monetary fragmentation.

The Superintendency of Banks

The Superintendency of Banks (SIB) reinforced this stance by warning supervised entities against engaging with crypto assets. Banks, credit unions, and other regulated financial institutions are barred from investing in, accepting, or facilitating transactions involving cryptocurrencies. The reasoning aligns with global financial stability concerns: cryptocurrencies lack transparency, traceability, and standardized valuation, creating operational and reputational risks for the banking sector.

The SIB's approach mirrors that of other small and medium-sized economies that prioritize systemic integrity over market experimentation. The prohibition is less about rejecting innovation and more about insulating the banking system from untested technologies until proper regulatory instruments are available.

The Securities Market Superintendency

The Superintendency of Securities (SIMV) has taken a parallel position, focusing on investor protection. It has warned that the offer or trading of crypto-based investment products does not fall within the current Securities Market Law. This means that any tokenized asset, security token offering, or crypto fund marketed to Dominican investors operates outside the regulated capital markets framework—at the investor's own risk.

The SIMV's caution underscores a larger issue: while tokenization and decentralized finance (DeFi) are reshaping global capital flows, most securities regulators in emerging markets remain unequipped to supervise these instruments effectively. The Dominican Republic is no exception.

The Tax Administration

The General Directorate of Internal Taxes (DGII) has been more pragmatic than prohibitive. It does not recognize cryptocurrencies as legal tender but acknowledges their economic relevance. When a taxpayer converts crypto holdings into Dominican pesos, any gain is treated as taxable income under general principles of the Tax Code. However, there is no specialized tax regime for digital assets—reflecting both a gap and an opportunity for future reform.

Consumer Protection and Financial Literacy

Even the national consumer protection agency, *Pro Consumidor*, has echoed the Central Bank's position. It considers the promotion or sale of cryptocurrencies as effectively prohibited under existing financial regulations, warning the public of the risks of fraud, volatility, and lack of recourse.

This multi-agency alignment creates a de facto policy of deterrence without direct criminalization. Cryptocurrencies are *not forbidden*, but every institutional signal discourages their use within the formal economy.

The Logic Behind the Caution

The Dominican Republic's cautious stance cannot be understood in isolation from its economic context. The country's financial system is characterized by strong monetary discipline, low inflation, and a robust banking sector. The Central Bank's credibility—built over decades of conservative monetary management—is considered one of the cornerstones of economic stability.

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Digital assets, by contrast, are seen as volatile, borderless, and loosely governed. Their integration into the domestic economy could complicate monetary policy and anti-money-laundering efforts.

There is also a sociopolitical dimension: while the Dominican Republic enjoys steady growth and a thriving remittance sector, financial literacy levels remain uneven. The authorities have prioritized strengthening consumer protection and payment infrastructure before experimenting with decentralized assets that many citizens may not fully understand.

In this sense, the Dominican model represents an intentional sequencing of reforms—first ensuring institutional capacity, then considering innovation.

Quiet Steps Toward Modernization

Despite its defensive posture, the Dominican Republic has not stood still. Beneath the surface, there are signs of *quiet preparation* for a digital financial future.

The Central Bank's 2022–2025 Strategic Plan explicitly identifies the study of digital currencies and payment innovations as institutional objectives. The plan envisions updating the *Monetary and Financial Law* to reflect emerging financial technologies, aligning with trends in regional modernization.

> The cautious posture is a form of strategic patience—watching, learning, and preparing.

Similarly, the Central Bank's Payment Systems Department has been exploring reforms to the *Reglamento de Sistemas de Pago*, the regulatory framework that governs electronic payments. This initiative aims to strengthen digital transaction security and expand financial inclusion—critical prerequisites for any future discussion of a Central Bank Digital Currency (CBDC) or regulated crypto market.

While no official statement has confirmed plans for a Dominican CBDC, the inclusion of "digital currency studies" in the Central Bank's roadmap suggests that authorities are laying the groundwork for eventual engagement.

The cautious posture, therefore, should not be mistaken for stagnation. It is a form of strategic patience—watching regional developments, learning from the successes and failures of others, and preparing the legal and technological infrastructure needed to act when conditions align.

Comparative Context: Latin America's Diverging Paths

Latin America offers a rich laboratory for understanding how nations calibrate their response to digital assets.

- **El Salvador** took the most radical step, declaring Bitcoin legal tender in 2021. The move attracted global attention but also international scrutiny, with the IMF and other multilateral institutions warning of macroeconomic and AML risks.
- **Brazil** opted for a structured approach, approving a comprehensive framework for virtual asset service providers, and integrating crypto into its central bank's regulatory perimeter.
- **Mexico, Chile,** and **Colombia** have developed sandbox models that allow controlled experimentation under supervision.

Against this backdrop, the Dominican Republic's silence may seem conservative, but it reflects a broader global pattern among smaller economies. For nations whose monetary credibility is hard-earned and whose financial systems are tightly integrated with remittances and the U.S. dollar, the potential downsides of unregulated digital currencies outweigh the allure of rapid innovation.

What distinguishes the Dominican model is its *institutional coherence*: every regulator speaks in harmony, emphasizing education, risk awareness, and long-term modernization over speculative adoption.

The Unregulated Gray Zone

Even with clear institutional boundaries, the Dominican Republic faces the challenge of managing a growing informal crypto market. Peer-to-peer trading platforms, offshore exchanges, and informal brokers continue to serve local demand.

Like much of the developing world, the Dominican crypto scene thrives on remittances, speculative interest, and curiosity rather than formal investment. Without regulation, users operate without consumer protection or guarantees, exposing themselves to scams and volatile markets.

This reality underscores a paradox: prohibition in the formal sector does not eliminate activity—it merely pushes it outside the perimeter of oversight. As digital assets become increasingly globalized, the absence of regulation may inadvertently create greater vulnerability for retail investors.

Some local fintechs have begun exploring blockchain for operational efficiencies—particularly in payments and supply-chain verification—but remain cautious to avoid any association with crypto trading or token issuance. The innovation impulse exists; it is simply constrained by regulatory uncertainty.

Balancing Innovation, Stability, and Sovereignty

At the heart of the Dominican Republic's strategy lies an enduring policy question: how can an emerging economy balance financial innovation with macroeconomic stability and sovereignty?

The Central Bank's primary mandate—to preserve the value of the national currency and ensure payment system stability—has shaped a worldview where decentralized digital assets appear, at best, premature.

Yet, as global finance becomes increasingly digital, ignoring these technologies entirely is not a viable option. The Dominican authorities appear to recognize this. Their gradual, study-based approach suggests that the question is *when* and *how*, not *whether*, to engage with digital assets.

Any eventual regulatory evolution will likely draw from international best practices—focusing first on anti-money-laundering compliance, licensing of virtual asset service providers, and the creation of digital identity frameworks before tackling the complex issue of legal tender or taxation reform.

A Cautious Future

Looking ahead, several signals point to how the Dominican Republic may evolve:

1. **Regulatory modernization** – As the Central Bank revises the *Monetary and Financial Law*, new provisions on financial innovation and digital transactions are expected to emerge.
2. **Institutional coordination** – Cross-agency dialogue among financial, securities, and tax authorities may lead to a unified framework on digital assets, replacing the current mosaic of warnings.
3. **Regional cooperation** – Engagement with Latin American financial forums and international standard setters (such as the FATF and BIS) could shape local adaptation of global guidelines.
4. **Public awareness** – Efforts to strengthen digital financial literacy will be crucial to preparing consumers for responsible participation in future digital markets.

Each of these steps reflects a measured evolution from skepticism toward structured exploration. The Dominican Republic's caution, in this sense, is not a refusal to modernize—it is a deliberate choice to modernize *wisely*.

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Conclusion: The Virtue of Strategic Patience

In an era when technological enthusiasm often outpaces regulatory capacity, the Dominican Republic offers an instructive counterexample. Its deliberate, coordinated, and cautious approach shows how smaller economies can assert control over the pace and direction of financial innovation.

By focusing on institutional strength, consumer protection, and legal modernization before embracing crypto assets, the Dominican Republic preserves what many fast-moving markets have lost: stability, coherence, and credibility.

Whether this patience will translate into successful adaptation remains to be seen. But as digital finance continues to evolve, the Dominican case will stand as a reminder that sometimes, in regulation as in investment, *waiting is also a strategy*.

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