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Banco de Portugal reiterates warnings to consumers of risks associated with virtual assets

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Considering the recent volatility observed in the prices of certain virtual assets, namely Bitcoin, the Banco de Portugal reiterates the warnings previously directed to consumers regarding the risks associated with the use and trading of these assets. Specifically, the Banco de Portugal draws your attention to the following risks:

- Virtual assets are not legal tender in Portugal, meaning that it is not compulsory to accept them at face value;
- Virtual assets are not guaranteed by the Banco de Portugal or any national or European authority;
- There is no legal protection of any kind guaranteeing the rights of redemption for consumers using virtual assets to make payments, unlike regulated payment instruments;
- Information on virtual assets provided to consumers may be imprecise, incomplete or unclear, and the pricing of such assets often lacks transparency;
- The majority of virtual assets is subject to enormous volatility. In the event of virtual assets depreciating in whole or in part, there is no fund to cover any losses borne by their users, who will have to take on all the risks associated with transactions using these instruments. As such, virtual asset users may lose most or all of their invested capital;
- Transactions in virtual assets may be used unlawfully, in criminal activity, including money laundering and terrorist financing;
- Most entities trading virtual assets do not have their head office in Portugal, meaning that any attempt at settling disputes may fall outside the competence of the national authorities.

Since 1 September 2020, the Banco de Portugal has been the competent authority in registering and verifying compliance with the applicable legal and regulatory provisions governing the prevention of money laundering and terrorist financing by the entities that carry out any of the following activities with virtual assets: exchange services between virtual assets and fiat money or between one or more virtual assets; virtual asset transfer services; services of safekeeping, or safekeeping and administration of virtual assets or of instruments that enable the control, ownership, storage or transfer of such assets, including private encrypted keys.

However, it should be clarified that the responsibility of the Banco de Portugal is limited to money laundering and terrorist financing prevention, not covering other domains of a prudential, banking conduct or any other nature.

This press release serves to warn consumers of the risks associated with the use of virtual assets and complements previous warnings issued by the Banco de Portugal available [here](#).

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