Crypto Abstinence: Safeguarding Public Entity Credit Quality, Taxpayer and Public Funds by Avoiding Digital Illusions

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- Investing in cryptocurrencies like Bitcoin involves significant risk. This level of risk is typically not appropriate for public entities. Public entities have a fiduciary duty to invest taxpayer money or public funds sensibly in high-quality, secure, and reliable financial instruments. Cryptocurrencies do not meet this standard or most fundamental investment and risk management principles.
- Cryptocurrencies lack intrinsic value and are not backed by tangible assets. This makes them highly dependent on market perception, regulatory changes, and technological developments, rather than business or economic fundamentals.
- Crypto abstinence is a prudent approach. In 2022 the GFOA advised governments, "To abstain from accepting cryptocurrency for receivables, using cryptocurrency for payables, and investing in these products." This advisory is still relevant and appropriate for public entities.

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