

Brazil's Bitcoin Beach Says Lightning Network Works Better Than Visa

Kenneth Rapoza : 10-12 minutes : 4/9/2023



Students at Escola Jeri holding up the school's public note. The school houses a bitcoin server that ...
[+] allows for all of these students and their teachers to pay for goods in bitcoin at participating merchants in this northeastern Brazil beach town.

Praia Bitcoin

A group of bitcoin true believers, and cryptocurrency newcomers, have come together in Brazil for a bitcoin experiment. It's called Praia Bitcoin [bitcoin +0.9%](#), which simply means Bitcoin Beach in Portuguese. In the idyllic tropical beach town of northeast Brazil called [Jericoacoara](#), small donors and business owners try flipping the local economy from one reliant on the local currency, or the dollar, to bitcoin. This is Brazil's version of the El Salvadoran bitcoin beach project that began on the shores of [El Zonte](#) around 2019.

The two-year-old Praia Bitcoin project set a world record for peer-to-peer transactions on the Lightning Network, Bitcoin Magazine [reported](#) in February. Participants were able to run 71 transactions in just three minutes and 33 seconds, making it the largest number of peer-to-peer bitcoin transactions via Lightning to occur in the shortest time possible.

"This was only possible because the Lightning Network is ready for the masses," Praia Bitcoin's creator, Fernando Motolese, told me in an interview. "Right now, there is no other option that is as prepared for this kind of market with a functional solution as Lightning. It is superior to Visa."

The main gist of Praia Bitcoin is to create a so-called circular economy of small businesses who accept bitcoin as payment. Participants use (and accept) a bitcoin debit card, called the [Bolt Card](#), to make purchases at local shops. Throughout 2022, Praia Bitcoin [received 1.23 BTC in donations](#) from Bitcoin Beach, Galoy Money (creators of the [Bitcoin Beach Wallet](#)), the Brazilian run YouTube channel *Palavra de Satoshi* and more than 400 anonymous donors. This Brazilian community project has come a long way since it started a year and a half ago.



Paying for ice cream at Gelato & Grano in Jericoacoara. The beach front merchant is part of the ... [+] Brazilian Bitcoin Beach project, launched in 2021.

Satoshi Channel Screengrab

Bitcoin: A Life Saver

Motolese said the idea to create Praia Bitcoin came to him in 2020. During the pandemic, Motolese's bread and butter as a businessman and musician evaporated and he quickly lost income. Then, he remembered something...a bitcoin wallet.

He found the 12 word passkey. He didn't have much in there, "maybe a few fractions worth of BTC from a 2013 purchase," he tells me. "But it saved me financially."

And *voila*, a bitcoin true believer was born.

So on October 4, 2021, the newly converted bitcoiner, Motolese, announced his foray into what has become the biggest experiment in bitcoin utility in Latin America.

"I asked for help from Bitcoin Beach, but that only came a year later," he says. "They were just the inspiration at first, but after the release of their [Bitcoin Beach Whitepaper](#), they became a role model and an important partner."

Next, the Brazilian community spent their donated funds creating the first public Lightning service provider in Brazil, as well as developing many open-source tools shared in their [GitHub repository](#) for building small, local bitcoin economies. You can be a fruit seller on the street, or local package store and accept bitcoin as payments in Jericoacoara if you want. Ongoing donations go to buying the equipment, including handheld payment card readers (aka point of sale machines), and servers.

The Bitcoin Beach community in Brazil has even bigger aspirations, having reached just 22% of their fundraising goal, according to their [donor website](#) as of March 31.

"Getting donations is very difficult," Motolese says. "At each stage of our development we update our crowdfunding campaign with new goals and proof of the work we have done with those donations. I started this by donating 0.02 BTC, which was around \$1,000 at the time. Now we have around 2.43 BTC." That's around \$67,000, or R\$338,825.

The amount received in bitcoin includes revenues from Praia Beach selling the Bolt Card Genesis Block Edition, point of sale machines, and sponsorships for its first ever bitcoin [conference](#) held during Carnival this year.



Fernando Motolese (left) with Vinicius Kinczel, creator of the Palavra de Satoshi Channel on ... [+] YouTube. The two have partnered to create a circular bitcoin-based economy in a seaside village in Brazil's northeastern state of Ceara.

Palavra de Satoshi channel

Palavra de Satoshi creator, Vinicius Kinczel, from Rio Grande do Sul, which is located in the opposite direction from Ceara state up north, joined the team to help create a product line so that the project is less dependent on donations. To date, [tourists in Jericoacoara use bitcoin at more than 25 merchants](#). All transactions are done on the Lightning Network.

For the philanthropic side of Praia Bitcoin, some 370 students and 30 teachers from the local public school have Bolt Cards now with wallets connected to a server at the school. Around 100 residents do, too, and that number is growing. The town has around 20,000 inhabitants.

"We are an outlier, but other towns will follow in our footsteps," Motolese says, mentioning the South Africa project [Bitcoin Ekasi](#), which is another Bitcoin Beach model using the Lightning Network and Bolt cards.

Brazil's Bitcoin Regulatory Landscape

The newly appointed Brazilian government is working on creating more rules for the crypto industry, all designed to protect investors.

"A better understanding of the regulations will light some fire under Brazilian investor demand for bitcoin because today there are a lot of cold feet regarding cryptocurrency," Foxbit CEO Ricardo Dantas told me in an interview.

Foxbit is the second largest cryptocurrency exchange in Brazil by volume, according to CoinTraderMonitor. Brazil has seven well-known exchanges: Foxbit, Mercado Bitcoin, NovaDax, Coinext, BitcoinTrade and BitPreco.

"There is a sense that bitcoin technology is relatively complex and has no rules, which gives people the sense that it is totally lawless. We work hard to change that perception even though it's not something people see, and it's not something everyone in crypto will follow. But with better rules will come more adoption, more investor confidence," Dantas says.

He expects the next bitcoin halving next year will turn investors onto bitcoin again. In short, halving reduces the rate of new bitcoin creation. He thinks a new "boom" is probable, not unlike the 2020-2021 bull market.

Dantas' chief competitor, MercadoBitcoin, is the No. 1 exchange in all of Latin America with 3.7 million clients. Bitcoin is the top crypto trade on their platform, followed by Ethereum, Ripple, Chiliz and Circle's U.S. dollar stablecoin, USDC.

Praia Beach wants to create an economy out of bitcoin, but Foxbit and MercadoBitcoin will tell you that most people who are into this, are speculators.

"The main utility for cryptocurrencies in Brazil is for investments," says Fabricio Tota, director of new business at MercadoBitcoin. "Brazilian investors like the idea of investing in securities that are related to new, innovative technologies, but there are very few opportunities to buy that here. For this reason, cryptocurrencies have become an important alternative to that market," Tota says.

Bitcoin's Brazil Future: Lightning Fast?



Praia Bitcoin got a bunch of students together at a local school to make fractional bitcoin ... [+] payments to see how fast they could crowd the Lightning Network with transactions all at once. They set a record.

Praia Bitcoin screengrab

For Motolese, finding his old bitcoin wallet got him thinking about the potential for this new currency to help people out. It's volatile. It's risky business. But most business owners in the emerging markets are used to dealing with risk. Bitcoin won't replace the Brazilian real anytime soon.

However, vendors large and small have to pay Visa and Mastercard a fee for using their payment systems. This is like an additional tax on business. This alternative Lightning Network system has gained traction in some Brazilian neighborhoods where smaller businesses already feel burdened by taxes.

"Lightning allows you to send and receive bitcoins without waiting for block confirmation. You're transacting in milliseconds," Motolese says. "There is no other payments network that compares to Lightning. It decentralizes the delivery of financial services and gives power back to individuals," he says. "We are building the financial services of the next decade and using bitcoin as the medium of exchange."

There are enough people out there who like the concept of going "off grid," when it comes to dealing with corporate banks and the Brazilian government, that the Lightning Network may offer an alternative payment option.

"The thesis of an alternative financial system has gained in popularity over the last few years in Brazil, especially after the failure of big banks and their subsequent rescue plan by the U.S.," Tota says. "That's when bitcoin was born. This idea of a financial system controlled by a few institutions, where critical decisions are concentrated in the hands of a small group of people seems of little importance in our day to day lives, but look at the bank failures again in the U.S. (Silicon Valley Bank) and Switzerland (Credit Suisse). That sheds light on those who want to build alternative solutions, like bitcoin, which is a viable option in this context."

A small handful of circular economies based on bitcoin are popping up around the world, beyond Brazil and El Salvador. The demand is mostly coming from the emerging markets. However, people can use Bolt Cards in Finland and Taiwan as easily as they can in Jericoacoara.

"Bitcoin and Lightning allows you to participate in a faster, cheaper and more efficient monetary system," says Motolese. "Maybe Americans don't see bitcoin as money yet. But if there is a decay of the petrodollar and you have hyperinflation, that perception will change quickly."