

Banning crypto donations: Why prevention is better than cure

The government's Representation of the People Bill does not yet contain a ban on crypto donations. The ongoing [Rycroft review](#) into foreign influence is also looking at crypto donations and its recommendations, which will be made in March, will be used by the government to inform future amendments to the new elections Bill.

In Westminster, a ban has been [backed by seven chairs](#) of key parliamentary committees who have recently written to the Prime Minister highlighting concerns around the risks of foreign interference. Senior MPs, including the Chair of the APPG on Anti-Corruption and Responsible Tax, Phil Brickell MP, have also made calls in Parliament for crypto donations to be prohibited.

Spotlight on Corruption and partner civil society organisations in the UK Anti-Corruption Coalition have also [jointly called](#) for a ban on political crypto donations.

There are clearly some in government who have real concerns about the risks that crypto donations bring. The Secretary of State for Housing, Communities and Local Government, Steve Reed, [told Parliament](#) in December that cryptocurrency “*appears to be potentially a back door for malign foreign actors or states to seek to influence British democracy, and we cannot allow that*”.

1) What is the evidence of UK political parties accepting crypto donations so far?

Currently, three political parties in the UK have publicly announced that they accept cryptocurrency donations ([Reform UK](#), [the Homeland Party](#) and [The Other Party](#)). [Advance UK](#), which has recently registered as a political party with the Electoral Commission, has also suggested that it could accept this type of donation in the future.

Both the [Homeland Party](#) and [The Other Party](#) publicise their crypto wallet addresses. A basic analysis of these wallets show that they have so far received negligible contributions that are below the Electoral Commission's reporting threshold of £11,160.

In October, the leader of Reform UK, Nigel Farage [remarked](#) that his party had started to receive crypto donations five months after it announced that it would accept them. However,

it is unclear if the value of these contributions met the reporting threshold and will be published in the Electoral Commission's next tranche of donations data expected in early March.

The Electoral Commission has confirmed to Spotlight on Corruption that no crypto donations have been reported to it as of 2nd February. This is beyond the last reporting deadline for donations received by political parties between October and December 2025.

As Reform UK has not yet disclosed any of the addresses for its crypto wallets, it is not possible to monitor any crypto donations it has received in real time.

2) What role have crypto donations played in political and foreign interference scandals in other countries?

Moldova: The Russian state has used cryptocurrency to facilitate political interference in Moldova. Recent [media reports](#) have revealed that Moldovan authorities stopped a \$107m crypto fund about to be funnelled into pro-Russian political parties in the country.

Czechia: Last year, crypto played a [core role](#) in a political scandal that almost toppled the Czech government after it accepted a payment to the state by an ex-convict worth \$45 million in bitcoin.

Spain: The Public Prosecutor's Office has requested an [investigation into allegations](#) that a prominent crypto fraudster, Alvaro Romillo Castillo helped a member of European Parliament, Luis Pérez Fernández, set up an anonymous crypto donations scheme.

Montenegro: Members of Montenegro's Parliamentary Committee for Comprehensive Electoral Reform are [currently weighing up a ban](#) on political crypto donations, in the wake of as yet [unproven allegations](#) that a cryptocurrency ATM was used to illicitly finance the campaign of the country's ruling PES party.

3) How are crypto donations currently regulated in the UK?

The Electoral Commission currently regulates crypto donations in the same way as fiat (or normal currency) donations. The only small difference is in the way the regulator classifies crypto donations, which is as "non-cash" contributions.

Ahead of May's local elections, the Commission has now issued updated guidance to [political parties](#) and [candidates](#) about accepting crypto donations. It states that it is still in the process of developing more detailed guidance in consultation with other UK regulators.

Like fiat donations, political parties must perform basic permissibility checks on the source of crypto contributions above £500 and declare individual, or aggregated donations from the same source in the same year, to the Electoral Commission if they exceed [£11,160](#) in value.

For [elected officials or individual members](#) of political parties, the permissibility check and reporting thresholds are significantly lower at £50 and £2,230 respectively.

4) What risks do cryptocurrency donations present to our democracy?

i) Origins of crypto donations are hard to trace

Despite the ostensible transparency provided by the blockchain, the pseudonymous nature of crypto transactions present significant challenges for political parties and regulators to determine the true source of a donation.

There are several techniques that malign actors could use to obfuscate the chain of traceability of donations, such as the use of coin swaps, mixers, chain hopping, secrecy coins and bitcoin ATMs to name a few.

The Electoral Commission has acknowledged that “the fundamental risk is a party accepting an impermissible donation coming in through crypto and not being able to track back to who the donor is”. It has also [acknowledged](#) that it is “very hard” to trace the source of crypto donations, particularly if they are made from abroad.

An additional risk is the rapidly evolving technology of the blockchain, and the inherent ‘privacy’ that is at the root of some crypto technology. There are hints that privacy will become more embedded, with key blockchain provider, Ethereum, embarking on a [‘privacy roadmap’](#), which may impact the regulator’s ability to trace transactions on its blockchain in the future.

This is part of a wider trend for the crypto industry marked out by the fact that privacy-focused cryptocurrency led [the market last year](#) as the demand for anonymity increases. The [latest quarterly report](#) into the crypto market by digital asset investment platform, Greyscale, observes “*if public blockchains are going to be more deeply integrated into the financial system, they will need much more robust privacy infrastructure*”.

ii) Micro crypto donations would be hard to detect

The emergence of crypto donations poses a fundamental challenge to what has been up to now a proportionate and arguably, ‘common sense’ approach to regulating micro donations. Under UK political finance laws, donations to a political party are defined as individual or

aggregated contributions from the same source above £500, while contributions below £500 are not classed as donations in law and therefore unregulated.

Political parties do not have to perform checks on the source of these micro-donations or report them to the Electoral Commission.

However, with crypto donations, there is currently nothing stopping a bad actor from creating hundreds of crypto wallets using an AI tool to send undetectable amounts valued at under £500 to a political party, thereby avoiding the threshold for 'know your donor' checks and reporting requirements.

This is a risk that has been specifically raised by MPs and the Electoral Commission in recent meetings of the [Foreign Affairs Committee](#) and [the JCNSS](#). The regulator's chief executive, Vijay Rangarajan [has even suggested](#) changing political finance laws to bring down or remove the £500 threshold for checks on crypto donations.

On mitigating the risks involved with accepting crypto donations, updated Electoral Commission [guidance](#), issued ahead of May's 2026 local elections, states that:

"You should be especially cautious if there is any sign that donors are using mixers (services which obscure the true source of cryptoassets by combining assets from multiple sources), or using AI and other systems to split donations."

iii) Candidates and small parties are not equipped to spot the risks

Currently the onus is on political parties, candidates and their agents to spot suspicious signs in cryptocurrency. But there must be real questions as to whether they have the resources or expertise to trace the origins of a crypto donation back through the blockchain to check for red flags. Arguably this sets the system up for failure and widespread non-compliance.

The risk of being prosecuted or fined is meant to provide an incentive for candidates and parties to undertake these kinds of checks. The Electoral Commission guidance on crypto donations warns "it is an offence to attempt to evade the controls on donations".

However, there has been precious little criminal investigation let alone successful enforcement against parties or candidates for evading these controls. Enforcement of criminal offences is completely untested with crypto.

This leaves the framework reliant on trust that political parties and candidates will be scrupulous enough to conduct permissibility checks on potentially aggregated micronations

and declare them to the Electoral Commission if they meet the £11,160 transparency threshold.

But as Gavin Millar KC, an expert in election law, [has](#) said, it is “*absurd*” to “*have the beneficiaries of the money policing the system*”.

iv) Crypto and crowdfunding platforms

Over previous elections, there has been an uptick in the use of crowdfunding platforms by candidates to raise money for their campaigns. Major platforms in the UK, such as [JustGiving](#), now accept [a wide range of cryptocurrencies](#), including memecoins, as a form of donation.

This has led to warnings from the chief executive of the Electoral Commission about how the doors could be opened to more impermissible donations slipping through the net. He [told Parliament](#) in September that “*The combination of crowdsourcing and crypto is distinctly worrying*”.

v) Uncharted waters: political memecoins

As long as crypto donations are permitted, there is always a risk that UK political parties and politicians could decide to launch their own memecoins for fundraising purposes, or for their own personal financial gain. This follows on from the [\\$TRUMP coin](#), launched by US President Donald Trump ahead of his 2024 inauguration.

The Electoral Commission’s chief executive [has said](#) in theory that “*donations would be declarable for people who are buying*” into political memecoins. However, in practice, this would be very challenging to regulate.

Unofficial [political memecoins](#) associated with Reform UK, Advance UK and politicians such as Nigel Farage have all been created and circulated in recent years. This points towards a situation where a political party or politician could profit from promoting, investing in and then selling a stake in a memecoin that is affiliated to them, but is owned by a third party. It is currently unclear whether this method of fundraising would be subject to the current framework of rules around political donations.

Therefore, a ban on crypto donations must also prohibit political parties and elected officials from holding a financial stake in any affiliated memecoin.

5) Why is banning crypto currency donations the best option?

Political donations in crypto currency pose unique and outsized risks to our democracy. They exacerbate the threats of foreign interference and the inflow of illicit finance. A comprehensive ban pushed through via an amendment to the Representation of the People Bill is now the most effective means to head-off all of these risks.

The main arguments in favour of a complete ban established in law are:

a) The complexity and disproportionality of regulation that would be needed if a ban was not imposed

To robustly regulate crypto donations, the current framework for enforcing political finance rules would need a wholesale overhaul – far beyond the reforms that the upcoming Elections Bill will contain – and the regulations would need to constantly evolve and adapt as the crypto industry grows and changes at pace.

The [crypto industry's trend](#) towards enhancing the privacy of transactions on the blockchain is also likely to progressively place hurdles in the way of regulators and law enforcement being able to trace the identities of wallet holders and donors.

At the same time, there is currently very little discernible demand among ordinary members of the British public to contribute to political campaigns in crypto. Given this lack of demand, it is hard to see the justification for very complex regulation and very onerous requirements on candidates and parties.

b) The importance of parliamentary oversight and consultation given the risks

Some have called for a temporary ban or a moratorium on crypto donations. This has some merits, allowing for a robust regulatory framework to be developed before crypto donations are allowed. However, it risks leaving the power as to whether there should be crypto donations in political finance in the hands of the government of the day.

Given the risks that crypto currency donations pose to our democracy, it is crucial that there is proper parliamentary process following proper consultation with electoral experts, industry experts and civil society groups. Only a ban in UK legislation would guarantee this.

6) Can't a ban be easily circumvented?

If political crypto donations are banned, it will still leave some loose ends that carry their own risks. For example, a donor could make a permissible fiat donation to a party, candidate or elected official that has only just been converted from cryptocurrency or 'offramped' at

some stage further upstream in the transaction chain. The Electoral Commission's Chief Executive, Vijay Rangarajan, [has indicated](#) that it has already seen "*in some of our investigations, money flowing internationally through crypto exchanges and ending up in British bank accounts.*"

This will always be a risk. However, where crypto assets have been transferred into the more tightly regulated space of the traditional banking system this provides safeguards, where suspicious activity linked to cryptocurrency deposits into bank accounts will raise red flags.

Via [blockchain intelligence providers](#), meanwhile, law enforcement agencies have sophisticated tools and software at their disposal to trace complex chains of crypto transactions and with the right information gateways, will be able to work with the Electoral Commission to identify these risks.

Additionally, robust provisions in the new proposed Know Your Donor rules and the new statement that donors will be required to submit should be amended to address these risks and make sure parties and candidates are on the look out for this having happened.

7) Which other countries and jurisdictions have banned crypto donations?

Ireland

The Electoral Reform Act 2022 banned political crypto donations in Ireland. [Accompanying guidance](#) to the Act, states that "*a member/MEP may not accept a donation, of any value, in cryptocurrency*". The move to outlaw these donations in Ireland [was reportedly spearheaded](#) by Darragh O'Brien, the minister in charge of electoral reform at the time, as a means of tackling the risk of foreign interference.

Brazil

In February 2024, Brazil's electoral court, the Tribunal Superior Eleitoral (TSE), [upheld an existing ban](#) on cryptocurrency donations to political parties and candidates. [Media reports quote](#) the TSE in its reasoning behind the ruling, as its "*aim to ensure transparency and the proper tracking of donations made to political campaigns.*"

There have recently been [misleading reports](#) in the crypto trade press that the Supreme Court is now reviewing the ban in light of the fact that the adoption of digital assets in the country has become more widespread.

In reality, Brazil's Electoral Superior Court, which is separate from the Supreme Court, is currently undertaking a routine process of holding public consultation over the rules that

govern the country's elections. The crypto donations ban does not appear to be on the agenda for review.

US states

In the USA, crypto donations are permitted on a federal level. However, on a state level there is a patchwork of different laws and regulations. For example, cryptocurrency donations are currently banned in states such as [Oregon](#), [North Carolina](#) and [Michigan](#).

On the other hand, a previous ban was overturned in California in 2022. Now the [State's regulations](#) stipulate that political committees can receive crypto contributions if they are made through a payment processor that is registered with the Treasury Department and can conduct the appropriate permissibility and KYC checks.

Following the approach of the states of California and [Washington](#) to opt for tighter regulation on crypto donations rather than a full ban, the [State of Kansas](#) is currently in the process of legislating on the issue once again after a failed attempt in 2023.