

"Do you take crypto?" – How long before we can all pay with cryptocurrency?

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“ A change in payment, e-commerce, retail and financial industry is emerging, and it is going to be momentous.

University Canada West lecturer Dr Pooja Lekhi

Bitcoin's valuation recently hit \$60,000 for the first time, adding a bigger spotlight to the rapidly growing crypto space. Companies, banks, corporate treasuries and anyone involved in the financial industry are now looking into the viability of cryptocurrency as an everyday payment method.

The interest in crypto is growing rapidly from private investors and the financial industry simultaneously, there are a few hurdles which need to be jumped first before this becomes a mainstream method of payment.

This being said, there are already signs that the world's leading corporations are now taking the crypto space very seriously, and no longer as the latest internet fad that will be gone in five years time.

For example, the concept of regulated cryptocurrencies ('stablecoins'), increase in accessibility from payment providers such as PayPal and Square, as well as changes in ecommerce are driving cryptocurrencies to the forefront.

Since 2012 Bitcoin has seen its growth skyrocket 193,639.36 per cent. The currency's astronomical growth has seen its value overtake even the price of gold, which is used by banks worldwide as a means of maintaining financial stability.

While this doesn't mean that the Bank of England is now about to sell off its gold reserves and open up a crypto wallet, it does mean it will no longer be able to ignore it as a means of payment in the future.

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How far into the future? Probably not as far off as you think.

According to crypto database CoinGecko, there are over 6000 cryptocurrencies in circulation, for context, there are only 180 tangible currencies that are recognised by the United Nations worldwide.

If the consumer is unaware of the purchasing power of their currency tomorrow then they won't use it. This is currently one of the biggest hurdles which companies face if they are to integrate cryptocurrencies into our everyday regime of purchasing goods and services.

A lot of big global institutions have been forced to consider the introduction of regulated cryptocurrencies, or 'stablecoins'.

The UK government has already adopted the idea of a stablecoin, the Treasury and the Bank of England recently launched a 'central bank digital currency' (CBDC) taskforce in order to explore the launch of a digital currency underpinned by the same blockchain technology used by cryptocurrencies.

CBDC are cryptocurrencies that are backed by a reserve asset such as gold or the dollar for example. These are essentially the quickest way of making paying with crypto more accessible. Stablecoins are the financial industry's answer to the volatility of the crypto market.

The Bank for International Settlements issued a report earlier this year with its findings indicating that 80 per cent of the world's central banks are working on some form of digital currency.

"Financial institution JP Morgan has recognized the need for a digital currency for payments through JPM Coin," University Canada West lecturer Dr Pooja Lekhi commented.

PayPal and Square has also invested in the crypto space, enabling users to hold cryptocurrencies in their PayPal wallet. PayPal has been granted a first-of-its-kind conditional Bitlicense by the New York State Department of Financial Services (NYDFS). This is a huge show of confidence in cryptocurrency from the NYDFS and the payment service providers themselves.

Leading crypto exchange Dacxi's managing director Katharine Wooller told *Charged*: "Visa is investing in funding crypto start-ups, and is working closely with crypto platforms to bridge gap between crypto businesses and their 61 million merchants to expose crypto to over a billion people."

If 61 million merchants are providing the option to pay with cryptocurrencies then the potential outreach of that is immense and it'll only get larger.

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PayPal announced in March that it will enable US consumers to pay with cryptocurrency when checking out.

However, once the transaction is completed, the merchant will receive the equal sum in fiat (government regulated) currency instead of the same amount in crypto, this is important in being able to use crypto on the high street.

PayPal chief executive Daniel Schulman told *Reuters*: "We think it is a transitional point where cryptocurrencies move from being predominantly an asset class that you buy, hold and or sell to now becoming a legitimate funding source to make transactions in the real world at millions of merchants."

The exchange of any currency relies on a degree of trust, something not quite cemented in cryptocurrency at the moment.

With the exponential growth of Bitcoin and the crypto space as a whole, we are already starting to see examples of the sorts of products we might be able to purchase with cryptocurrencies in the near future.

Tesla chief executive Elon Musk has recently announced that you will now be able to purchase the luxury electric cars with Bitcoin.



You can now buy a Tesla with Bitcoin

7:02 AM · Mar 24, 2021



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It's not just large players in the financial industry and big tech companies that are taking it seriously, retailers are monitoring the situation closely. Cosmetic brand Wake, who market themselves for 'generation connected', has become the first skincare brand to offer cryptocurrencies as methods of payment announcing a partnership with Coinbase Commerce.

"Our thinking is definitely long term with this," Wake co-founder Alex Mavor said speaking to *Charged*.

"We are not kidding ourselves by thinking that most people are going to be using it at the moment to make their everyday purchases

"However, with new technologies we see time and time again that change happens slowly, and then all at once! You have to have everything in place for when the shift does happen

"We believe that digital currencies are the future, so we want to make sure that our flag is planted from the start."

Where crypto purchasing differs from buying with your credit card is that there is no central record of transaction (such as a bank), copies of this ledger are instead shared with many different blockchain technologies at the same time and your crypto wallet gives you a unique code that enables you to sign off on purchases, like a digital receipt.

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Wooller commented: "Banks, financial infrastructure, payment business, corporate treasuries, institutional and retail investors, are already enthusiastically embracing the possibilities of crypto.

"It is cheaper, faster, and more efficient. Whilst there is some work to be done by regulators, and in securing clean energy, crypto seems unstoppable in its rate of adoption."

The payment industry isn't oblivious to the fact that it's currently unsuitable and needs to find ways of making it more accessible for everyday consumers to be able to use.

Dr Lekhi said to *Charged*: "Jack Dorsey's Square recently won a patent for a network allowing consumers to pay with cryptocurrency and merchants to receive the full value in US dollars, eliminating any concerns about crypto volatility."

Whether people like it or not, the digitalisation and automation of our currency is an unstoppable force, and while there needs to be big strides made in regulation and application, it's only a matter of time before we're paying for goods on the high street with our crypto wallets.

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