

Backing Bitcoin

Understanding the Rise of Bitcoin

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Shifting Dynamics: Businesses and the Bitcoin Standard

Elevate to Financial Stability

Since 1695, the USD has experienced a continuous erosion in purchasing power, with a staggering 98% decline since 1971 ([Yahoo, 2023](#); [O'Neill, 2022](#)). In December 2023, the highest Annual Percentage Yield (APY) for Money Market Accounts (MMAs) reached 5.13% ([Today's, 2023](#)). However, the USD's purchasing power concurrently declined by 2.98% ([US, 2023](#)), limiting earnings through the MMA to 2.15% for companies under the highest APY in 2023.

In contrast, Bitcoin's purchasing power surged by 389,294.50% from 2009 to 2023, outperforming Gold and the S&P 500 ([Mackintosh, 2021](#)). From 2022 to 2023, BTC surged 155.38%, translating to an increase of \$553,800 for every \$1,000,000 held.

If an S&P 500 company decided to transfer 10% of its cash from its MMA to Bitcoin, let's consider that, on average, S&P 500 companies maintain approximately \$6 million in their MMAs. Shifting 10% of that amount to Bitcoin would be \$600,000. Consequently, each company could have potentially boosted its Bitcoin purchasing power by \$932,280 (calculated as 10% of \$6 million x 1.5538 = \$932,280 + \$600,000 = \$1,532,280 total).

Now, it's essential to keep in mind that the appreciated value of Bitcoin throughout the year is intended for use as a form of payment, much like the depreciating traditional cash method.

Instead of being viewed as an investment, it serves as a current asset for transactional purposes.

Eliminating Excess Costs

Often, when businesses sell goods and services to consumers through credit card transactions, they bear the responsibility of covering the credit card processing fee, which commonly falls within the range of 0.5% to 5%, coupled with a \$0.20 to \$0.30 flat fee for each transaction ([Blystone, 2023](#)). This leads to the implementation of a surcharge by the merchants, subsequently passed on to consumers to account for these processing fees.

Transitioning to the Bitcoin standard simplifies the fee structure for companies, as they only pay the network fee when purchasing goods. This not only streamlines costs but significantly reduces overall credit card expenses, ultimately making goods more affordable for consumers and potentially boosting sales. In the event that Bitcoin assumes the role of the world's reserve currency, various layer 2 solutions, such as the Lightning Network, would likely emerge to alleviate congestion on the Bitcoin Network and, consequently, reduce network fees.

Moreover, businesses embracing the BTC standard can optimize their financial workflows by reducing reliance on accountants and auditors for repetitive actions, solidifying their importance in making financial decisions for companies. Accountants will remain important as they are able to construct financial statements to relay accurate information to the world. With every transaction securely recorded on the blockchain, companies stand to save significantly on salary expenses. In cases where businesses rely on check-in or check-out payments, operational efficiency can be heightened by integrating automated machines that accept Bitcoin, eliminating the need for employees stationed there throughout the day or night.

Expanding on this concept, it could prove beneficial for the economy if employees maintained their regular working hours but transitioned to overseeing automated machines during closing or quiet hours. This strategic approach enables companies to offer goods and services 24/7, boosting revenue and enhancing customer satisfaction.

In today's landscape, ensuring worker flexibility remains a priority, allowing employees the freedom to take necessary time off and seamlessly transition to automation devices. This adaptability is imperative for maintaining a harmonious and efficient work environment.

Global Exchange Revolution

Presently, banks stand as the optimal choice for currency conversion due to minimal to no fees. However, this convenience depends on your bank offering the specific currency you intend to trade. If your desired currency is not available, resorting to a Currency Exchange Kiosk may become necessary, despite the expense of incurring significant conversion fees.

On the other hand, if you choose to use a credit card for currency conversion, be aware that several fees may apply:

Type of Fee	Imposed On	Imposed By	Rate
Foreign Transaction	Overseas credit card transactions	Issuer	2% to 3%
Currency Conversion	Overseas currency conversion	Processor	1%
Dynamic Currency Conversion	Overseas point-of-sale conversion	Merchant	3% to 12%

[\(Catalano, 2023\)](#)

The remedy for the challenges posed by currency conversion fees lies in a world operating on the Bitcoin standard, where a single universal currency prevails. This shift promises to improve international trade and the global economy, enabling companies to engage in international transactions without incurring additional expenses on conversions. With a unified currency, businesses can feel more confident in sending money abroad, as there will be a precise measure of the amount sent, eliminating the potential for mistakes in the conversion process that might result in inaccurate charges—whether excessive or insufficient—for the company.

Additionally, it has the potential to streamline the timing of funds received by exporting companies. This improved timing empowers companies to accurately present their financial position, facilitating more informed decision-making processes. By eliminating delays and uncertainties associated with traditional currency exchanges, companies will enhance their strategic planning and overall financial management.

Furthermore, individuals working overseas would have the advantage of receiving their entire paycheck in the local currency, tailored to their location. Currently, companies often adopt a split-pay approach for employees stationed abroad, providing just enough in the host currency for living expenses while disbursing the remainder in the employees' home currency for spending back home. With the Bitcoin standard, this practice could be revolutionized, allowing employees abroad to receive their full earnings in the local currency. This not only provides them with greater financial flexibility and convenience but also saves the company from the complexities and time-consuming aspects associated with split-pay arrangements.

Embracing Bitcoin as a payment method holds the potential to significantly augment companies' revenues. Take, for instance, the scenario where a tourist or non-resident wishes to explore another country during the holidays but lacks the local currency, restricting their spending options to credit cards with associated fees. Consider a family attending an NFL game over the holiday break with a limited amount of USD and closed banks preventing additional currency exchange. Rather than freely utilizing their converted cash at the game, they find themselves constrained, purchasing only essentials with limited funds on hand. Integrating Bitcoin as a payment option could alleviate such constraints, facilitating seamless transactions and elevating customer satisfaction.

Empowering the Masses: A Public Shift to Bitcoin

Decentralized Future

Similar to the [Elevate to Financial Stability](#) section, individuals can preserve the purchasing power of their Bitcoin instead of experiencing a decline in purchasing power with the USD. This empowerment enables less fortunate individuals to afford their everyday living expenses. That being said, with Bitcoin having a cap of only issuing 21 million, the impact inflation has will be greatly reduced. In contrast, the U.S.A. has witnessed an average annual inflation rate of 2.55% since 2000 ([Current, 2023](#)). Inflation, representing the balance of supply and demand, directly influences the purchasing power—indicating the goods and services one can obtain for a single dollar. Under the Bitcoin standard, inflation persists, dictated by the dynamics of supply and demand, but individuals can better preserve their purchasing power. Unlike traditional currencies subject to dilution and devaluation through excessive printing, Bitcoin remains unaffected by such practices, with its value primarily influenced by inflation.

The question arises: if an individual works diligently for their earnings, why should a bank dictate how that money is spent? Bitcoin emerges as a transformative solution, wresting control from banks and returning it to the people. With Bitcoin, individuals gain complete autonomy over their hard-earned money, empowering them to manage and utilize their funds independently. Consequently, it becomes the individual's responsibility to ensure the privacy and security of their funds. Fortunately, with the right tools and support, such as hardware wallets, robust protection for funds is readily accessible. Maintaining the confidentiality and security of one's seed phrase becomes crucial in this context. Instead, traditional banking systems impose restrictions, such as rigorous questioning or withdrawal caps exceeding \$10,000, under the guise

of security. It is essential to acknowledge that this money belongs to the individual, emphasizing their right to spend it freely.

In this decentralized financial landscape, individuals assume a pivotal role in securing and managing their funds, epitomizing the principle of personal responsibility within the Bitcoin standard. This standard not only revolutionizes financial systems but also champions transparency, independence, and individual responsibility, ushering in a new era of financial empowerment.

True Transparency

In today's evolving global economic landscape, the adaptability of traditional financial frameworks, such as IFRS and ASPE, comes into question. Companies wield the power to navigate around these regulations, introducing the potential risk of misinformation. This flexibility means investors or creditors may base decisions on incomplete or inaccurate data, potentially leading to adverse outcomes. For example, certain cash transactions conducted by a company might not be accurately reflected in their financial statements.

On the flip side, the adoption of the Bitcoin standard promises a significant enhancement in transparency for company financial statements. This transparency empowers everyone to trace transactions, fostering better-informed decisions for investors and creditors. Addressing concerns about security, the Bitcoin blockchain, which records and verifies all transactions, ensures a high level of security. As Investopedia explains, the blockchain allows visibility into transactions and

addresses involved, but it does not permit unauthorized access or alterations ([Can, 2023](#)). This unique feature instills a level of trust in financial information that was previously unavailable.

The Bitcoin standard offers the advantage of easy comparability in company financial statements, as they all share the same currency. This facilitates better decision-making for companies choosing whom to support, allowing them to directly compare circumstances. Moreover, it empowers companies and consumers to bypass intermediaries like banks in their transactions, ensuring that the funds' owner can spend their money without unnecessary restrictions or scrutiny. For example, when an individual needs to withdraw more than \$10,000 from their bank account, they often encounter a series of questions or face a cap restriction. While this is implemented as a security measure, it's crucial to recognize that it's the individual's money, and they should have the freedom to spend it as they please.

Fortifying a Safer World.

In 2022, credit card fraud in the United States increased by 13%, and bank fraud rose by 25% compared to the previous year ([Caporal, 2023](#)). A viable solution to counter such security challenges is transitioning to the Bitcoin standard. Bitcoin wallets are highly secure, given the unique seedphrase and passkey assigned to each individual. On this robust network, concerns about losing Bitcoin diminish when individuals take proper precautions, such as using hardware wallets, enabling two-factor authentication (2FA), and considering the use of multiple wallets.

In 2017, Costa Rica had the highest robbery rate globally, with 1587 robberies per 100,000 people ([Costa, 2023](#)). Typically, these incidents involve armed individuals entering stores to target cash in the registers. Embracing Bitcoin could significantly mitigate this issue, as Bitcoin

transactions eliminate the need for physical cash in registers. This shift would likely lead to a substantial reduction in the physical robbery rate, minimizing the harm inflicted on innocent shoppers.

While some argue that a government-issued digital currency could address this problem, it's important to note that it may not entirely resolve issues related to power and control. With a government-issued digital currency, authorities could potentially issue an unlimited amount, similar to the current money printing practices, leading to currency devaluation—a challenge we aim to overcome by advocating for the adoption of Bitcoin.

A compelling illustration of Bitcoin contributing to a safer world is evident in El Salvador. Prior to adopting Bitcoin as legal tender in 2021, the country was renowned as one of the world's most dangerous. Following the adoption of Bitcoin, the homicide rate witnessed a substantial decline, decreasing by 55.68% in 2022 and another 70% in 2023 ([El, 2023](#)). This positive shift was attributed to the government's ability to crack down on criminal gangs, a feat made possible by the increased purchasing power of Bitcoin, leading to economic prosperity for the country. El Salvador secured the 33rd position among the top travel destinations in 2024 ([Monet, 2024](#)). Since embracing Bitcoin, the nation has witnessed a decline in crime rates and increase economic growth.

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NOTE: This paper was written with the assistance of ChatGPT, but all of the ideas and facts are unique to the author.