CRYPTOCURRENCY IN B2B TRANSACTIONS

NORTHWESTERN UNIVERSITY
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Instant money transfer systems will *transform* B2B payments and crypto could be one of those
We actively looked at issuing a token for B2B payments in transportation

- Pegged to the dollar
- Redeemable from the bank for cash
- Interface for token holders
Ultimately there are five criteria that will need to be met by a coin before it will be widely adopted for B2B payments.
Tax treatment of cryptocurrency transfers

IRS & CRYPTO
The current tax treatment of crypto transfers by the IRS is that any transfer is an asset sale.

WHAT HAS TO CHANGE?
The tax treatment of cryptocurrency will need to change to that of a traditional currency or an exemption for tokens pegged to the dollar.

ACCOUNTING BURDEN
Not feasible for back office accounting systems and teams to manage this level of tax reporting.
The price must be stable

Managing currency risk is not simple
Most businesses are not equipped to manage currency risk let alone volatile currencies

Financial impact
Carriers and brokers operate on thin margins and volatile swings in currency prices would materially affect their cash flow

Price volatility of major currencies
Bitcoin and Ethereum prices can change more than 5% in a single day
3. **Transaction fees need to be cheap**

**TRANSACTION FEES ARE STILL TOO HIGH**

Fees are too high on the large public networks compared to traditional money transfer costs.

**TREASURY SERVICE PRICING**

Ultimately fees will need to be in line with bank treasury services rates for broad adoption.
Coins are not widely accepted at points of sale

**CURRENCY UTILITY**

Paying a trucker with crypto is not helpful if he can’t buy fuel or make his truck payments with the same currency

**ACCESS IS EVERYTHING**

Points of sale would need to be available to the payee otherwise he or she would need a Coinbase type service and that means more transfer fees
Privacy of transfers and balances

PUBLIC BALANCES ARE A PROBLEM
Visibility of account balances and transactions will most likely need to be private

REGULATIONS ARE NOT UP TO SPEED
Even if companies were willing to do this, money transmission regulations would need to be amended specifically Reg E and state money transmitter requirements
Alternative non-crypto instant payment systems include Zelle, virtual debit cards, and same-day ACH.
Ripple’s DLT platform is very interesting

Ripple is a very interesting DLT platform as it relates to cross-border payments.

This solution is for banks and has less to do with the token and more to do with the instant settlement of funds.
Cryptocurrency is interesting as a form of instant money transfer.

Still a question of if and when.

Cross-border payments will be first and are already happening.

Broad domestic use would begin if a coin could meet the five criteria outlined above and demonstrate ROI to businesses.