Are cryptocurrencies the new Gold Card? asks Anderson Zaks

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Yes, and they are coming to a retailer near you soon!

Once the preserve of geeks, gamblers and money launderers, cryptcurrencies (such as Bitcoin, Ethereum, Litecoin, Dash, Ripple, Zcash, Monero and even Cryptokitties) are starting to breakout from the online world, into the 'real' world. Christine Lagarde, Head of the International Monetary Fund (IMF) is reported to have stated that the international community should consider endorsing central bank issued digital currencies (CBDCs) in a speech at the Singapore Fintech Festival. Lagarde went on to point out that CBDCs, if done properly, could satisfy public policy goals, specifically financial inclusion, security and consumer protection and privacy in payments. Which is quite a turnaround in sentiment from just a few months ago.

Elsewhere recently, Stanley Yong, global lead for central bank digital currency (CBDC) solutions at IBM, has said that CBDCs can help to mitigate the risks that contributed to the 2008 financial crash. Yong made the further point that one of the major advantages of a CDBC, even in developed economies whose societies are to some extent already cashless and use a wide array of digital payment solutions, would be the reduction in the fragmentation of the marketplace.

So how does this translate to the person shopping on the High Street, or ordering their online supermarket shop for delivery? Will we soon be paying for our groceries in bitcoin?

The new ATM - Crypto exchange platforms
Buying and selling cryptocurrency is done through special crypto exchange platforms or ATMs. You may not have noticed, but these crypto ATMs have quietly been opening up around the UK and across the globe. There are now almost 4000 ATMs that provide cryptocurrency transactions in 75 countries, and nearly 200 of those are in the UK.

Bitcoin is the largest crypto currency with a current market capitalization in excess of $138bn. We have already seen the likes of Bitcoin becoming more popular in volatile economies, for example, where there is hyper-inflation. Investing in gold, the previous haven in difficult markets, is all well and good, but you can't spend it in the shops – or online for that matter. This is becoming significantly less true for cryptocurrencies.

In the same way that the gold card or other premium card account tends to be used for high value purchases, so a crypto-card, linked to a cryptocurrency account, could become the new normal for such transactions. Already for corporate payments, blockchain technology is being harnessed as it provides a powerful and secure ledger that records every step of a transaction and transfer of ownership. For the global traveler or shopper, it could be much more convenient to have one account in a digital currency. The very fact that it is based on blockchain so the transaction is recorded for anyone to see that needs to, and cannot be altered or tampered with in any way, makes it very appealing. Indeed, research shows that consumers may be more open to paying in crypto than many retailers would imagine.

A new world of alternative payments

The world of alternative payments has been opening up for some time now and with PSD2 that is set to accelerate. As we reported in our earlier blog (The Rise of the Payments Facilitator - Digitisation of Payments), the PSD2 framework mandates that banks provide access to bank accounts to trusted third party payment services providers, including those providing access to crypto accounts. With restrictions on the fees that can be levied, the cost to the merchant of these new types of payments could be significantly lower than traditional card-based transaction costs.

People are getting used to the idea of paying with their phone or their watch, devices which are simply linked to a card based account, that is not necessarily a bank account, or even to their phone or ISP account. Paying in your cryptocurrency of choice is the next step and retailers and merchants that provide the option will steal a march on the competition.

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For more information about how Anderson Zaks can help with your payment processes, please contact us info@andersonzaks.com

About Anderson Zaks
Anderson Zaks is a leading omni-channel Payment Service Provider (PSP) based in the UK, delivering highly reliable, fast and secure payment processing services to many hundreds of businesses located across the UK Europe, Middle East and USA.
Anderson Zaks addresses the payments needs of small and medium sized enterprises through to multi-national corporations, and operates in a variety of markets through sector specialist partners.
Anderson Zaks customers benefit from flexibility, personalised customer care, independence (from both acquirer and hardware manufacturer) and extensive experience.
RedCard Processing Services provides authorisation, settlement and a range of value added transaction services. RedCard supports Chip and PIN, contactless, and ecommerce transactions and has connections to all UK and several European acquirers.

Anderson Zaks takes security very seriously, its RedCard Payment Gateway is PCI DSS Level 1 certified, and its RedCard software is PA-DSS validated.

For more information about Anderson Zaks, RedCard Processing Services and RedCard Applications please visit: Anderson Zaks (http://www.andersonzaks.com)

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